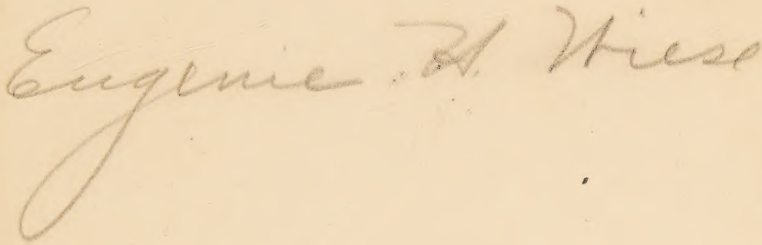
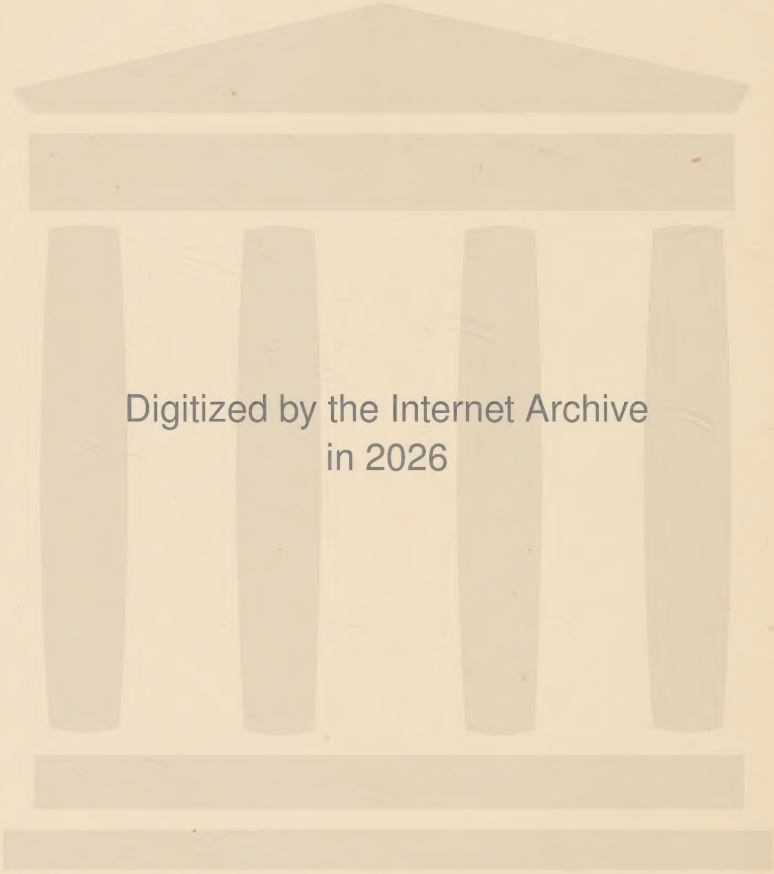
ACCOUNTING AND BUSINESS PRACTICE

SHORTER COURSE

MOORE
AND
MINER

GINN AND COMPANY

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ACCOUNTING AND BUSINESS PRACTICE

SHORTER COURSE

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PREFACE

ACCOUNTING AND BUSINESS PRACTICE presents a methodical and practical development of the subject of bookkeeping. The student's introduction to his work is simple and interesting, and every step taken is clearly explained and illustrated. Important definitions are grouped so as to be readily accessible for reference. The memoranda of business transactions may be used either as a study of the theory of accounting, or as a study of theory and business practice.

Unusual or complicated transactions are avoided. Nearly all entries in bookkeeping are simple and easily understood. It is worse than useless to attempt to introduce a student to *all* business forms used in *all* lines of business. After the most important business forms are mastered, the modification of such forms, as found in different lines of business, will be readily comprehended. The authors have endeavored to deal with the *essentials* of accounting. They believe that it is better to use difficult and exceptional transactions for special drills rather than to embody them in the different sets of the text.

Business men have been frequently consulted in securing material for the memoranda of transactions. The forms used are such as may be found in modern commercial houses in every business center. The book is so arranged as to aid the teacher very materially in performing his work.

JOHN H. MOORE,
GEO. W. MINER.

CONTENTS

PART I — INTRODUCTORY WORK

	Pages
Definitions and Explanations	1–4
Rules for Journalizing	4–5
Script Forms and Models	5–11
Preliminary Drills	12–26
Set I — January	27–33
Set II — February	34–38
Introduction to Business Practice	39–49
Set III — March and April	50–64
Set IV — May and June	65–78

PART II — INTERMEDIATE

Drafts	79–101
Exercises on Opening Double Entry Books	102–103
Set V — Jobbing Furniture Business	104–156
Set VI — Wholesale Grocery Business	157–201
Set VII — Dry Goods Business	202–244
Set VIII — Single Entry	245–252

APPENDIX

Forms of Legal Documents	253–259
Commercial Terms defined	260–261
Abbreviations	262–263
Index	265–266

ACCOUNTING AND BUSINESS PRACTICE

PART I — INTRODUCTORY WORK

DEFINITIONS AND EXPLANATIONS[1]

Bookkeeping is the art of making a systematic record of business transactions, enabling the proprietor to ascertain the true condition of his business.

Value, with reference to an exchange, is *purchasing power.*

A **Business Transaction** is an exchange of values.

There are two methods of bookkeeping, **Double Entry** and **Single Entry.**

In **Double Entry** accounts are kept with persons, property, and allowances.

In **Single Entry** accounts are kept, usually, with persons only.

A **Debit** is an expression of value received.

A **Credit** is an expression of value parted with.

An **Account** is a collection of related debits and credits under one heading.

There are two classes of accounts:

1. Resource and liability accounts.
2. Loss and gain accounts.

Resources or **Assets** are property belonging to the business or amounts owed to the business.

Liabilities are amounts owed by the business.

Inventories are all resources and liabilities of the business that are not found in the regular books of entry.

Gains are realized when resources increase in value or liabilities diminish in value.

Losses occur when resources decrease in value or liabilities increase in value.

[1] To the Teacher. — The student's work should begin at Preliminary Drills, page 12. The definitions will be referred to and studied from time to time as the work progresses.

There are three kinds of accounts:

1. Accounts with property.
2. Accounts with persons.
3. Allowances.

Allowances are made for the use of money, for early payment of invoices, etc. Interest and discount are allowances.

The **Left** side of an account represents **Debits**; the **Right** side of an account represents **Credits.**

An **Entry** is a record of a transaction.

Net Credit is the difference between the debit and credit of the proprietor's account.

Capital, at the beginning of business, usually, is the amount invested; at other times it is the excess of resources over liabilities.

Merchandise includes all commodities that are held for purposes of exchange.

Expense is money paid out to carry on the business.

Interest is money paid for the use of money.

Discount is usually an allowance for early payment.

Bills Receivable are the written promises of others to pay us, and are in our possession.

Bills Payable are our written promises to pay others, and are held by others.

Cash applies to money, bank checks, sight drafts, money orders, etc.

On Account means that goods bought are to be paid for at some future time.

Posting is transferring debit and credit items to their respective accounts in the ledger. (We post from journal, cash book, sales book, etc.)

Present Worth of the proprietor's account:

1. Is net credit plus net gain; or
2. Net credit minus net loss; or
3. The excess of resources over liabilities.

A **Receipt** is a written acknowledgment of money or other value received.

A **Voucher** is a written statement proving that some transaction has occurred.

When resources exceed liabilities a business is **Solvent.**

When liabilities exceed resources a business is **Insolvent.**

The **Proprietor's Account** shows his relation to the business, his investments, withdrawals, etc. It is sometimes called the **Stock Account.**

A **Trial Balance** is a test of the ledger to show that the debits and credits are equal. It does not prove conclusively that the ledger is correct.

A **Balance Sheet** is a classification of resources and liabilities, of losses and gains, and of net results of the business to the proprietor.

A **Statement** of the business shows the present condition and results of the business.

A **Statement** of a ledger account is an abstract of the account, and shows the balance due thereon.

The **Journal** contains debits and credits systematically arranged, the history of transactions, and amounts.

The **Ledger** is a book containing the accounts of the business, the debits and credits having been collected from other books of entry.

The **Cash Book** contains a record of cash received and paid out.

A **Book of Original Entry** is a book in which entries are first made.

An **Auxiliary Book** is subordinate to a book of original entry.

A **Sales Book** contains a record of merchandise sold.

A **Bill Book** contains an itemized record of all notes received or given out by the business.

The term **Charge**, used in bookkeeping, means *debit*.

Red ink is used for:

1. All rulings.
2. Recording inventories in accounts.
3. Entering items that are to be transferred.

In closing accounts a single red line means that the items above it are to be added.

Double red lines, in closing an account, mean that the account is closed — the items and totals above the ruling are not to be used again.

Any amount written in red ink is to be transferred, always to the opposite side of an account; that is, if a red-ink entry is made on the debit side of an account, when transferred it is placed on the credit side.

Closing by Balance. — In closing by balance (see model, page 11) the amount of an account appears as one item.

When a page is filled the *balance* may be carried to another page and to a new account of the same name. (See Teachers' Manual, page 78.)

It is not necessary to close any account by balance when the books are closed. Such balances may be made in the text-book to give the student practice in closing accounts.

An **Invoice** is an itemized statement of goods bought or sold, containing names, quantities, prices, and amounts.

A **Compound Entry** consists of the following:

Several debits and one credit; or
One debit and several credits; or
Several debits and several credits.

RULES FOR JOURNALIZING

GENERAL RULE:

1. Debit that which comes into the possession of the business or *costs* value.
2. Credit that which goes out of the possession of the business or *produces* value.

NOTE. — It must be borne in mind that it is the business that receives and parts with value, and not the proprietor. This distinction is of the utmost importance.

RULE I. **Proprietor's Account.** — The proprietor is debited:

1. For withdrawals from the business for personal use.
2. For his liabilities assumed by the business.
3. For net loss when the books are closed.

The proprietor is credited:

1. For all investments in the business.
2. For net gain when the books are closed.

RULE II. **Property Accounts.** — Property is debited, under its given name, when it comes into the possession of the business.

Property is credited, under its given name, when the business parts with it.

NOTE. — Property includes cash, merchandise, real estate, notes, etc. In order that the journalizing of bills receivable and bills payable may be more clearly understood, separate rules are given below.

RULE III. **Accounts with Persons.** — Persons are debited:

1. When they get into our debt.
2. When we get out of their debt.

Persons are credited:

1. When we get into their debt.
2. When they get out of our debt.

RULE IV. **Expense Account.** — Expense account is debited for any outlay to carry on the business.

Expense account is credited for the proceeds of the sale of any item previously debited to expense account.

NOTE. — Expense includes rent, salaries, insurance, etc. In a large business separate accounts are kept with these items.

RULE V. **Bills Receivable.** — They are debited when received by the business.

They are credited when the business parts with them.

RULE VI. **Bills Payable.** — They are debited when redeemed by the business.

They are credited when issued by the business.

RULE VII. **Allowances.** — Allowances are debited, under their given names, when allowed by us to others.

Allowances are credited, under their given names, when allowed by others to us.

NOTE. — Allowances include interest, discount, collection, etc. In a large business separate accounts are frequently kept with these different items.

THE SCRIPT FORMS AND MODELS

In connection with the student's preliminary work he is directed to write some of the script forms given on subsequent pages. These forms represent the highest excellence in penmanship and will serve as models for the student in writing. The plan, statement, and arrangement of these models will be a guide to the student in all his work throughout the book. The method of placing matter on the page and the completeness of explanations are parts of high-grade bookkeeping. All the model forms given in the text merit the most careful study.

In writing these models the student is learning how to place business transactions on the written page in the most approved manner. Business records are not only valuable when made but may be of especial importance years hence; therefore it is necessary that the statements be clear not only to the writer but to any person who may have occasion to examine them at any future time. If books are introduced in court as evidence, the explanatory part of the records is often the most important of all. It is the experience of attorneys that very few books of record that are produced in court have any value as evidence, and this is generally true because of the incompleteness of explanatory matter. If explanations are not clearly made a correct entry is of little value as conclusive evidence.

Model Journal

January 1, 19-

Page.	Debits and Credits.	Explanations.	Debit Amount.	Credit Amount.
	I, James Wilson, begin business this day, investing cash $2000.00			
1	Cash	1. Investment	2000	
1	To Jas. Wilson			2000
1	Expense	2. Paid rent of	50	
1	To Cash	store		50
1	Mdse.	3. Invoice of M.	950	
1	To Cash	E. Brown		950
1	Cash	4. Sold A. King	270	
1	To Mdse.	45 bbls. Flour 6.00		270
1	Mdse.	5. Invoice of L. C.	240	
1	To Cash	Horton		240
1	D. Simons	6. Sold on account	244	
1	To Mdse.	30 bbls. Flour 6.00 180		
		40 " Salt 1.00 64		244
1	Cash	8. Sold G. Mead	125	
1	To Mdse.	20 bbls. Flour 5.50 110		
		10 " Salt 1.50 15		125
1	Mdse.	9. Invoice on ac-	375 40	
1	To O. Lane	count		375 40
1	Cash	10. To apply on ac-	144	
1	To D. Simons	count		144
1	O. Lane	11. To apply on ac-	175 40	
1	To Cash	count		175 40

Model Ledger

James Wilson

Mo.	Day.	Explanation.	Page.	$	¢	Mo.	Day.	Explanation.	Page.	$	¢
						19- Jan.	1		1	2000	

Cash

19-						19-					
Jan.	1		1	2000		Jan.	2		1	50	
	4		1	270			3		1	950	
	8		1	125			5		1	240	
	10		1	1447			11		1	1754	40

Expense

19-											
Jan.	2		1	50							

Merchandise

19-						19-					
Jan.	3		1	950		Jan.	4		1	270	
	5		1	240			6		1	244	
	7		1	3754	40		8		1	134	
	—										

D. Simms

19-						19-					
Jan.	6		1	244		Jan.	10		1	144	

O. Lane

19-						19-					
Jan.	11		1	1754	40	Jan.	9		1	375	40

Model Trial Balance

Trial Balance Jan 31, 19-

Page.	Name of Account.	Debit.	Credit.
1	Jas. Wilson		2000
1	Cash	2539	1461 40
1	Expense	50	
1	Mdse.	1565 40	639
1	D. Simons	244	144
1	O. Lane	175 40	375 40
		4573 80	4573 80

Model Balance Sheet

Balance Sheet. ——— 19-

Page	Name of Account	Debit	Credit	Loss	Gain	Resources	Liabilities
1	E. C. Miller	1[illegible]	525				
1	Expense	45[illegible]		4[illegible]			
2	Cash	3457[illegible]	123[illegible]			5[illegible]	
2	Mdse.	2778[illegible]	1812[illegible]		[illegible]	1245[illegible]	
3	H. M. Dow	4[illegible]	31[illegible]			177[illegible]	
3	L. S. Martin	6[illegible]	7[illegible]				9[illegible]
3	Interest	7[illegible]	2[illegible]	5[illegible]			
4	J. C. Bush	21[illegible]				2[illegible]	
4	V. M. Cary		34[illegible]				34[illegible]
4	Discount	[illegible]	5		5		
5	Bills [illegible]	[illegible]	38[illegible]			6[illegible]	
5	Bills Payable	1[illegible]	1[illegible]				28[illegible]
		4[illegible]	2[illegible]	4[illegible]	111 68	4133[illegible]	9[illegible]
	E. C. M's Net Gain [1]			1[illegible]			
				111[illegible]	111[illegible]		
	E. C. M's Net Credit		5110				
	" " Gain		6[illegible]				
	" Res. Worth						3175 78
						4133 21	4133 01

[1] To be written in red ink.

Ledger Closed

S. E. Brown, Prop.

19-						19-					
Jan.	23		2	100		Jan.	1		1	3000	
	30		3	50			31	Net Gain	26	424	06
				3424	06					3424	06
						Feb.	1	Res. Worth		3274	06

Merchandise

19-						19-					
Jan.	1		1	936	21	Jan.	3		2	800	
	4		2	380	42		16		3	431	18
	14		3	216	39		24		5	323	11
	22		5	743	12		30		8	612	29
	29		7	250	16						
				3016	60					3016	60
Feb.	1	Inventory		850	31						

Expense

19-										
Jan.	1		1	50			Inventory			
	4		3	22						
	17		6	19	40					
				91	40				91	40
Feb.	1	Inventory		25						

Loss and Gain

19-						19-					
Jan.	31	Expense	7	66	40	Jan.	31	Mdse.	7	490	46
				490	46					490	46

Model Business Statement

Statement of Resources and Liabilities[1]

Resources.			
Mdse.	per inventory	1245 70	
Cash	on hand	113 34	
A. M. Dow	on business	1772 20	
J. C. Bush	" " "	511	
Bills Rec.	on hand	691 50	
Total			4133 01
Liabilities.			
L. S. Martin	on business loan	38 40	
C. M. Cary	" " "	342	
Bills Pay.	outstanding	575 38	
Total			955 78
Pres. Worth[2]	of the business		3177 23
Statement of Increase or Decrease of Net Worth			
Gains:			
Mdse. Cr.	1500.13		
Mdse. inventory.	1245.70		
Mdse. value.	3087.83		
Mdse. Dr.	2975.17		
Mdse. gain.		112 66	
Discount		2	
Total			111 66
Losses:			
Expense. Dr.		107 78	
Interest		5 10	
Total			112 88
Net Gain[2]			1 78

[1] To bear the date for which it is written.

[2] To be written in red ink.

Model for closing an Account by Balance

Cash

19—							19—						
Jan.	1		1	1250	10		Jan.	1		1	350	25	
	4		1	950	64			3		1	703	84	
	7		1	240	69			4		1	133	50	
	7		1	175	40			7		1	910	03	
	10		1	100	50			9		1	189	56	
	11		1	309	24			14		1	120	40	
	26		1	530	53			31	Balance	1	1565	26	
	30		1	415	74								
				3972	84						3972	84	
Feb.	1	Balance		1565	26								

Model for recording Inventories

Inventories[2]

Merchandise				
300 bu. Corn	38¢	114		
100 " Wheat	72¢	72		
200 " Oats	29¢	58		
150 " Rye	49¢	73 50	317	50
Expense				
Office Safe		110		
Office Books		25 60	135	60

[1] To be written in red ink.

[2] To bear the date for which it is written.

PRELIMINARY DRILLS

Ruling.—The first task of the student is to learn how to use tools. If we are to secure good results, the pen, ruler, blotter, etc., must be used in the right way. Good mechanical work is essential in the keeping of accounts.

Observe the following in all ruling:

Use red ink.

Always have a blotter at hand.

Dip the pen in the ink lightly.

Use a pen of medium fineness.

Avoid getting ink on the ruler.

First exercise in ruling:

Use ordinary writing paper, ruled.

Sit facing the desk.

Place the paper directly in front of you.

Place the ruler just below the first ruled line. (The teacher will explain the proper position and use of the ruler.)

Draw a line across the page, keeping the pen directly on the ruled line. _____

Do not lift the pen until the line is finished. Continue this ruling until you have ruled a red line on every line of the page.

The student will now rule a line *between* every two ruled lines of the page just finished.

Second exercise in ruling:

Observe the same regulations as in the first exercise.

Draw a line across the page, and without moving the ruler draw a second line just underneath the first. You now have parallel lines across the page.

Parallel lines: ═══════

In ruling parallel lines the position of the ruler is not changed, but the position of the hand is changed slightly.

Repeat the parallel ruling until you have ruled both sides of the sheet.

The student will now rule parallel lines *between* the lines already ruled.

These ruling exercises should be repeated many, many times, until every student is able to do first-class work.

Neatness and accuracy are absolute essentials in all work of accounting.

Exercises in Model Forms. — On page 6 is a *model journal;* the student will copy this on regular journal paper and pass it to his teacher for criticism.

The teacher should accept no work that is anything less than the student's best work. No final work should be accepted that contains an error. Errors at this time refer to mechanical work,—ruling, erasing, etc.

Make a second copy of the model journal, after the teacher's criticism. If the work is accepted by the teacher, keep the last copy you have made of the model journal.

Be careful to write a neat, legible hand, making accurate figures of medium size.

On page 9 is a *model ledger page*, the accounts having been closed. The student will make a copy of this page, using regular ledger paper. Notice that the ruled lines are directly opposite. After copying, hand to your teacher for criticism; then make a second copy. This work need not be preserved.

Business Transactions.—All business transactions are simply exchanges of values; that is, some value is received in return for some value parted with. A merchant sells a pair of shoes for $4; the value received by him is *$4*, and the value parted with is the *pair of shoes*. A man sells a horse for $100; the value received by him is *$100*, and the value parted with is *the horse*. A doctor occupies a suite of rooms belonging to another man, for which at the end of a month he pays the owner $50; the value received by the doctor is *the use of the rooms*, and the value parted with is *the $50*. A grocer sells John Barr 2 barrels of flour, and the buyer agrees to pay for the same in 10 days; the value received by the grocer is *the express or implied promise* of *John Barr* to pay the bill in 10 days, and the value parted with is *2 barrels of flour*.

Oral Exercise. — The following are the transactions of a merchant for a certain day. Name the value received and the value parted with in each:

1. Bought 500 bu. wheat at $1, and paid cash.
2. Sold 100 bu. wheat at $1.20, and received cash.
3. Bought 50 bu. beans at $3, and paid cash.
4. Sold 30 bu. beans at $3.50, and received cash.
5. Bought a set of office books, and paid cash, $15.
6. Bought 200 bu. millet at $1, and paid cash.
7. Sold 100 bu. millet at $1.30, and received cash.
8. Paid a carpenter cash, $6, for repair work.

9. Bought a delivery wagon, and paid cash, $55.
10. Bought a delivery horse, and paid cash, $75.
11. Sold 200 bu. wheat at $1.25, and received cash.
12. Bought of Arthur Way 60 bu. beans at $3, and orally agreed to make payment in 10 da.
13. Sold Isaac Mason 40 bu. beans at $3.50 on his oral promise to pay for them in 15 da.
14. Gave a clerk cash, $10, to apply on his salary.

Written Exercise. — Take a sheet of paper and draw a line through the middle of the page from the top to the bottom. On the *left* side of the line write the technical name of the value received, and on the *right* side of the line write the technical name of the value parted with in each of the foregoing transactions. The technical term applied to goods bought to be sold again is *Merchandise;* to any outlay to carry on the business, *Expense;* and to all forms of money, *Cash.*

Items 1, 2, 8, and 12 will appear as follows, in the order named:

Mdse.	$500	Cash	$500
Cash	120	Mdse.	120
Expense	6	Cash	6
Mdse.	180	Arthur Way	180

Written Exercise. — Classify the values in the following transactions as explained in the preceding exercise.

April 1. Bought of Ball & Son, for cash, 200 bbls. flour at $6.
2. Sold Henry Allen, for cash, 100 bbls. flour at $8.
3. Paid rent of store for one month, in cash, $50.
4. Bought of Hunt & Co., at 10 da., 500 bu. wheat at 95¢.
5. Sold Powell & Co., at 10 da., 300 bu. wheat at $1.10.
11. Sold Lane & Son, for cash, 50 bbls. flour at $7.50.
12. Bought of Harper & Co., for cash, 3 T. coal for office use at $6.
13. Sold Lee & Samson, for cash, 100 bu. wheat at $1.08.
14. Bought of Field & Co., for cash, 1 office safe, $125.
15. Bought of Derby Desk Co., for cash, 1 office desk, $35.
15. Bought of Wright Bros., for cash, 600 bu. corn at 50¢.
17. Sold Elder & Co., for cash, 50 bu. wheat at $1.05.
18. Paid Hunt & Co., cash, for the wheat bought of them in the 4th transaction.
19. Paid John Allen, a clerk, $10 in cash.
20. Received cash of Powell & Co. for the wheat sold them in the 5th transaction.

All items at the *left* in the above exercise are *debits* and all items at the *right* are *credits;* in other words, debits are values received and credits values parted with.

Classifying the debits and credits in business transactions is called **Journalizing.**

The technical name for *our written promises to pay* is **Bills Payable;** for *other persons' written promises to pay,* **Bills Receivable.**

The following **promissory note** would be classified as Bills Payable by Henry W. Sherman, and as Bills Receivable by Morgan, Taylor & Co.

$1200.65 Boston, Mass. Jan. 16, 19—

Thirty days after date I promise to pay to the order of Morgan, Taylor & Co.

Twelve Hundred 65/100 Dollars

at Winthrop National Bank

Value received

No. 12 Due Feb. 15 Henry W. Sherman

Written Exercise. — Classify the values in the following transactions as previously instructed.

May 1. Bought of Brown Bros., for cash, 1000 bu. wheat at $1.

5. Bought of Taylor & Co., on note at 10 days, 1000 bu. corn at 40¢.

6. Sold Henry Smith, on his note at 10 days, 200 bu. wheat at $1.25.

9. Sold James W. Mills, for cash, 400 bu. corn at 50¢.

10. Paid cash for rent of store, $50.

11. Bought of James B. Williams, on account, 1000 bu. oats at 30¢.

12. Sold F. E. Rogers, on account, 200 bu. oats at 40¢.

13. Paid cash to clerks for services to date, $75.

15. Paid cash for note due to-day, $400.

16. Received cash for note due to-day, $250.

19. Sold William Jones, for cash, 500 bu. oats at 40¢.

20. Paid cash, $10, for 2 T. of coal to be used for heating the store.

21. Received cash of F. E. Rogers, in full of account, $80.

22. Sold Asa Williams, on account, 300 bu. wheat at $1.

23. Received of Asa Williams his 10-day note in full of account.

REVIEW QUESTIONS

1. What are the foregoing exercises called? 2. Why? 3. Which items represent debits? 4. Why? 5. Which items represent credits? 6. Why? 7. What does *on account* mean? 8. What is merchandise? 9. What is the general rule for journalizing? 10. Name all the merchandise items in the foregoing exercises. 11. What is expense? 12. Name all the expense items in the foregoing lists.

The student will now review the first and second exercises in ruling. He should now be able to draw both single and parallel lines quite accurately. After finishing each exercise in ruling, the student will hand it to the teacher for correction and criticism. The thoroughness and care with which all introductory work is done lay the foundation for future success.

Analysis of the Model Journal. — The following explanations illustrate how journal entries may be analyzed.

Entry 1: Cash is debited because the business received that sum.
James Wilson is credited because he invested that amount.

Entry 2: Expense is debited because money was paid out to carry on the business.
Cash is credited because the business parted with it.

Entry 3: Merchandise is debited because the business received it.
Cash is credited because the business parted with it.

Entry 4: Cash is debited because the business received it.
Merchandise is credited because the business parted with it.

Entry 5: Merchandise is debited because the business received it.
Cash is credited because the business parted with it.

Entry 6: D. Simons is debited because he got in debt to the business.
Merchandise is credited because the business parted with it.

Entry 7: Cash is debited because the business received it.
Merchandise is credited because the business parted with it.

Entry 8: Merchandise is debited because the business received it.
O. Lane is credited because the business became indebted to him.

Entry 9: Cash is debited because the business received it.
D. Simons is credited because he got out of debt to the business.

Entry 10: O. Lane is debited because the business got out of his debt.
Cash is credited because the business parted with it.

NOTE. — The teacher may require that all the first work in journalizing be analyzed as above.

Posting of the Model Journal. — The student now understands the different entries in the model journal. The next step is the posting of these items.

NOTE. — The journal classifies the values in the transactions as debits and credits. The ledger groups all related debits and credits under one title. Examine the model journal and note that there are eight cash items distributed over the page. If these are grouped as shown in the model ledger, we may more easily determine the total cash received and paid out, together with the balance on hand. In the same way study the merchandise and other items in the journal.

Transferring accounts from the journal to the ledger is called **Posting.**

In all posting observe the following:

1. Date.
2. Page of the journal on the ledger page.
3. Amount in dollars and cents.
4. Page of the ledger at the left of the entry on the journal page.

The model ledger, immediately following the model journal, contains the posting of the model journal.

How to open an Account. — Each different name that appears in the model journal entries has an account of the same name in the model ledger.

There are six different names in the model journal, and there are six accounts in the model ledger.

For convenience, the proprietor's account should always be written first in a ledger. To open an account we write in the ledger, as a heading, the name to which items are to be posted.

This exercise in posting consists in transferring the different items in the model journal to their respective accounts in the model ledger.

How to post. — The left and right sides of the ledger page have the same ruling.

The left side contains all debit items.

The right side contains all credit items.

In the model journal the cash items, for instance, appear on different parts of the page; in the model ledger the cash items are all placed under one heading. This is true of all the items.

We will now examine the posting of the model journal to the model ledger.

The first item in the journal is *Cash;* turn to the Cash account in the ledger, debit side, and you find the date, the page of the journal, and the

amount of the debit in the journal. The page of the ledger is placed at the left of the cash item in the journal.

The next item is that of *James Wilson.* Turn to his account in the ledger, credit side, and you find the date, the journal page, and the amount of the credit in the journal. Note the paging.

We have now completed the posting of the first entry.

The first item in the second entry is *Expense.* Turn to Expense account in the ledger and note the date, page, and amount. Remember that the ledger page is placed at the left of the journal entry on the journal page.

NOTE. — Paging is one of the important things in bookkeeping.

The second item in the second entry is *Cash.* Turn to the Cash account in the ledger and on credit side note the date, page, and amount.

The first item in the third entry is *Mdse.* Turn to the Merchandise account in the ledger, debit side, and trace out details of the posting. Note the paging.

The second item in the third entry is *Cash.* Turn to the Cash account in the ledger, credit side, and note the posting. One item has already been posted on the credit side of the Cash account, and in posting this second item do not write *Jan.*, but simply the date *3.* Do not repeat the name of the month and do not use ditto marks.

NOTE. — The student will now trace out the remaining items in the ledger, noting every detail of every item, thus fixing it in his mind.

After going over the posting from the model journal to the model ledger, as given in the text-book, the student should repeat the work without assistance.

In a previous exercise the student made a copy of the model journal; as soon as he can trace the work in the text understandingly he should take a sheet of ledger paper, or a half sheet, open the six accounts, and then post his copy of the model journal without assistance and without reference to the text-book.

Repeat this exercise until you can do the work without error. *Two hours' work ought to teach you how to post accurately.*

After the posting has been completed foot all accounts of more than one item and write the amount in small, light, lead-pencil figures.

Analysis of Accounts in the Model Ledger. — You should now understand the posting of the model journal.

The next step is to study the results of the postings as shown by the ledger.

The following is a full explanation of each account in the model ledger which the student has just finished posting.

James Wilson's account:

The credit shows that he invested $2000.

The debit shows that he has withdrawn nothing.

Cash account:

The debit shows that the business has received $2539.

The credit shows that the business has paid out $1415.40.

Expense account:

The debit shows that $50 has been paid out to carry on the business.

Merchandise account:

The debit shows that the business has bought merchandise to the amount of $1565.40, at cost prices.

The credit shows that the business has sold merchandise to the amount of $639, at selling prices.

D. Simons's account:

The debit shows that he became indebted to the business to the amount of $244.

The credit shows that he paid $144 on his indebtedness.

O. Lane's account:

The credit shows that the business became indebted to him to the amount of $375.40.

The debit shows that the business has paid $175.40 on such indebtedness.

NOTE. — After each of the first exercises in posting, such explanations as the above may be required of every student. They tend to emphasize the object of keeping accounts.

The Trial Balance. — The trial balance immediately following the model ledger is a trial balance of the model ledger. The trial balance is simply a copy of the totals of each ledger account and shows that the debits and credits are equal. After noting the model trial balance take a trial balance of the ledger just posted, without reference to the text-book.

The copy of the model journal, the posting of the same by the student, and the trial balance of the ledger should be presented to the teacher and, if accepted by him, preserved for future use.

The student will now spend ten minutes on the first and second exercises in ruling. All ruling should be clean and accurate.

Definitions for Discussion. — Define the following terms: account; journal; trial balance; posting; ledger; double entry.

First Exercise in Journalizing. — Journalize the written exercise at the bottom of page 14.

Post the above exercise to the ledger.

Make a trial balance of the posting.

Second Exercise in Journalizing. — Journalize the written exercise on page 15, post the same, and make a trial balance.

Third Exercise in Journalizing. — Journalize the following items, first as an oral exercise, then on regular journal paper. After correction and acceptance by the teacher, post on ledger paper and make a trial balance. Pass the completed work to your teacher and, if accepted by him, preserve for future use.

January 1, 19—

Silas Hamer begins business and invests cash, $1800.

2

He buys for cash 80 bbls. flour at $5, of J. R. Cass.

3

He sells for cash 40 bbls. flour at $6, to I. K. Fenn.

4

He pays rent of store for one month in cash, $35.

5

He buys of A. H. Gilman, on account, 90 bbls. pork at $13.

6

He sells W. M. Stine, on account, 60 bbls. pork at $15.

6

Silas Hamer, proprietor, withdraws $100 from the business for personal use.

8

He sells for cash 20 bbls. flour at $6.50, to E. N. Shaw.

9

He pays A. H. Gilman, to apply on account, $600.

10

He receives of W. M. Stine, to apply on account, $450.

NOTE. — The explanatory part of the journal should be in the same form as the model journal. A plain, business style of writing is one of the first essentials of good bookkeeping. As an aid to acquiring a good style study the script forms throughout this book.

None of the work thus far should be placed in the regular blank books.

Rule the journal (unless otherwise instructed by your teacher) by placing a red line on either side of the date. The red line is ruled directly on the blue line.

Analyze each account in ledger just posted.

Explanation of a Balance Sheet. — The name of each column is placed at the head of the column. The student should fix these in mind, but should not write them in his balance sheet.

The first two columns represent the trial balance. A balance sheet can be made from any trial balance.

The following rules are *very important.*

In all resource and liability accounts :

1. If the debit is the larger, the account shows a resource.
2. If the credit is the larger, the account shows a liability.

In all loss and gain accounts :

1. If the debit is the larger, the account shows a loss.
2. If the credit is the larger, the account shows a gain.

The following is a complete explanation of each account of the model balance sheet.

Proprietor's account :

Credit shows that he invested $3250.

Debit shows that he withdrew $140.

Expense account :

Debit shows that $42.75 was paid out to carry on the business.

Cash account :

Debit shows that the business has received $3427.18.

Credit shows that the business has paid out $1623.94.

Merchandise account :

Debit shows amount bought, $2978.17.

Credit shows amount sold, $1842.13.

Inventory of merchandise shows amount on hand; it is a resource.

To find gain on merchandise :

Credit plus the inventory shows value of merchandise sold and on hand, value minus debit shows gain ; or debit (cost) minus inventory equals the cost of sales, credit (sales) minus the cost of sales equals the gain.

An inventory is entered in red ink to show that it is not derived from the account itself.

H. M. Dow's account:

Debit shows that he became indebted to the business $487.20.

Credit shows that he has paid $310 on his indebtedness.

L. S. Martin's account:

Credit shows that the business became indebted to him $943.22.

Debit shows that the business has paid $562.74.

Interest account:

Debit shows that the business has paid interest, $7.43.

Credit shows that the business received interest, $2.30.

J. C. Bush's account:

Debit shows that he owes the business $210.

How do you know nothing has been paid?

V. M. Cary's account:

Credit shows that the business owes him $345.

How do you know nothing has been paid?

Discount account:

Debit shows that the business has allowed discount amounting to $3.

Credit shows that the business has been allowed discount amounting to $5.

Bills Receivable account:

Debit shows that the business has received written promises amounting to $1004.

Credit shows that $307.13 has been paid on such promises.

Bills Payable account:

Credit shows that the business has issued written promises to pay $1233.75.

Debit shows that the business has redeemed such promises amounting to $1000.

Carefully note the following on the balance sheet.

Footings of the columns show:

1. Total losses.
2. Total gains.
3. Total resources.
4. Total liabilities.

Summary of the Proprietor's account:

1. Net credit.
2. Net gain.
3. Present worth.

Note the two ways of finding the present worth of the business.

The student has now had a clear and explicit analysis of the balance sheet, and of all terms connected therewith. He will now rule a sheet of paper for a balance sheet and make an exact copy of the model balance sheet, page 8. The exercise should be repeated until a good copy is made.

Definitions for Discussion. — The student will now define the following terms: debit, balance sheet, trial balance, present worth, inventory, credit, net credit, classes of accounts, net gain, account.

Describe the two ways of finding the gain on merchandise. Which is the better way? Define resource; liability.

Balance Sheet of Model Ledger. — The student has posted the model journal and preserved his posting and trial balance of the same; he should now make a balance sheet, using the trial balance of the model ledger. Use the following inventory for merchandise: $1250.

The student should make this balance sheet again and again until he understands it thoroughly.

Preserve all work when it is finished.

Balance Sheet of the Third Exercise. — The student has posted this exercise and made a trial balance. He will now make a balance sheet, using the trial balance of the posting of the third exercise. Merchandise inventory, $490.

When the student has finished this work it should be preserved for future use.

Supplementary Exercise. — Make a balance sheet of the following accounts: A. Smith, Proprietor, Cr., $1500; J. B. Jones, Cr., $500; Cash, Dr., $1600; Mdse., Dr., $2100, and Cr., $1400. Expense, Dr., $100; Mason & Co., Cr., $400; Mdse. inventory, $900.

Closing the Ledger. — All closing entries are in red ink, and all transfers are in black ink. Some accountants make no use of red ink, all entries and rulings being in black ink. Closing the ledger shows the condition of the business, and only requires the closing of the accounts showing losses and gains.

Accounts showing loss or gain are first closed; other accounts may or may not be closed.

The student will first make a copy of the model ledger page for closing loss and gain accounts, page 9.

Copy every detail with exactness.

Verify the gain on merchandise, the loss on expense, the net gain, and the present worth.

The student will now take a ledger page and open the following accounts, using the debit and credit items given:

STUDENT'S NAME (as Proprietor)

Dr. $200.	Cr. $3000.

MERCHANDISE

Dr. $304.50	Cr. $285.
280.70	164.73
516.12	372.85
371.88	456.25

Merchandise inventory: $500.

EXPENSE

Dr. $25.
15.
8.

Supply dates for the above items, using the month of January.
Near the bottom of the page open an account with Loss and Gain.
The above accounts should be placed on one page.

First: Merchandise account should be closed as follows:

1. Enter the inventory, in red ink, on credit side, $500.
2. Add the credit items and the inventory; write footings in pencil.
3. Subtract the debit; the difference is gain on merchandise, $305.63.
4. Enter the gain, in red ink, on debit side.
5. Rule and foot the account; write footings in black ink.
6. Bring the inventory below the rulings, on debit side, in black ink, under date of February 1.
7. Transfer the gain to the credit side of Loss and Gain account, in black ink, under date of January 31.

In every step follow the form given in the model ledger for closing.
An account is never ruled unless it balances.

Second: Expense account should be closed as follows:

1. On credit side, in red ink, write date, loss, page, and the amount, $48.
2. Rule and foot the account. (Note form on model page.)
3. Transfer the loss to the debit side of the Loss and Gain account, in black ink, under date of January 31.

Third: Loss and Gain account should be closed as follows:

1. The credit side shows the total gain, the debit side the total loss; the difference is net gain, $257.63.
2. On debit side, in red ink, write date, *Net Gain*, page, and amount, $257.63.
3. Rule and foot the account.

Fourth: Student's account should be closed as follows:

1. On credit side, in black ink, under date of January 31, write *Net Gain*, page, and amount, $257.63.
2. Add the credit item and the net gain.
3. Subtract the debit from that sum.
4. The difference thus obtained is present worth, $3057.63.
5. On debit side, in red ink, write date, *Present Worth*, page, and amount.
6. Rule and foot the account. (See model, page 9.)
7. Transfer the present worth below the ruling, credit side, in black ink, under date of February 1.

In all the work of closing the ledger observe the forms given on the model page for closing.

Study the script forms, especially the figures.

After full explanation the same accounts are to be opened on the other side of the ledger sheet, following the directions given above, and all closed again.

Second Exercise in closing Loss and Gain Accounts. — The student will again take a ledger page and open the following accounts:

STUDENT'S NAME

Dr.	Cr.
$550.	$3500.

MERCHANDISE

Dr.	Cr.
$546.80	$485.
312.72	362.18
254.68	122.12
145.12	150.

Merchandise inventory: $765.

EXPENSE

Dr.
$40.
20.
18.

Open Loss and Gain account near the bottom of the page, and close the above according to preceding directions.

Additional Exercises in closing the Ledger. — The student preserved the posting of the model journal, trial balance, and balance sheet. He will now take the ledger as posted by himself and close the Loss and Gain accounts. He should use the same inventory that was used in making the balance sheet.

After closing the Loss and Gain accounts the student will close all the remaining accounts by *balance*. (See form for closing on page 11.)

Closing by balance is not necessary in closing books, but it is suggested that it be done for the drill it will give the student in mechanical work.

After closing the above ledger accounts the student will take the ledger of the third exercise, and close the Loss and Gain accounts in that exercise; also the remaining accounts he will close by balance. Follow directions already given. Use the same inventory that was used in making the balance sheet for the third exercise.

Accounts that show loss or gain are called **Representative Accounts.**

Accounts that do not show loss or gain are called **Real Accounts.**

General Review Exercise. — Journalize the following exercise.

Feb. 1. Student begins business, investing cash, $3000.
2. Buy of E. M. Roe, for cash, 1000 bu. of wheat at 80¢.
4. Sell O. M. Carr, for cash, 400 bu. of wheat at 95¢.
5. Pay cash for rent of store for February, $75.
7. Buy of E. M. Snow, on account, 500 bu. of corn at 40¢.
9. Sold W. D. Mills, on account, 300 bu. of corn at 50¢.
15. Pay cash for coal for office use, $10.50.
18. Sell A. H. Munn, for cash, 300 bu. of wheat at $1.
21. Buy of Doe & Co., on note at 10 days, 500 bu. of wheat at 85¢.
22. Sell W. D. Mills, on account, 400 bu. of wheat at $1.10.
23. Receive cash of W. D. Mills for invoice of the 9th.
24. Pay E. M. Snow cash for invoice of the 7th.
25. Pay cash for clerk hire, $30.

Post the above exercise to the ledger. Make an inventory of the goods on hand and record it in the journal. Estimate the coal on hand at $5. Use cost prices on the merchandise. Make a balance sheet and close the ledger.

To the Teacher. — For additional exercises, see the "Teachers' Manual," Exercises I and III.

SET I — JANUARY

The **object** of this set is to present bookkeeping in its simplest form. Only the journal and ledger are used. All transactions are entered in the journal, thus enabling the student to understand readily the principles of debit and credit. This set gives systematic work in elementary accounting.

Directions and Suggestions. — In this set the student should observe the following general suggestions and directions:

1. Books to be used: journal and ledger.
2. Use January for all dates in this set, not current dates.
3. The set may be first written on journal and ledger paper.
4. The figures at the left of the items refer to the date.
5. Consult the model journal frequently.
6. The Student is represented as Proprietor.
7. Use the same explanatory forms as in model journal.

Memoranda of Transactions

1. Begin a General Merchandise Business, investing cash, $2500.
2. Buy of A. S. Poole for cash, 60 bbls. pork at $14.
3. Buy a set of office books for cash, $15.
4. Sell E. D. Fowler for cash, 22 bbls. pork at $16.
5. Pay rent of store in cash, for one month, $40.
6. Buy of John Cass for cash, 40 bbls. beef at $17.50.
8. Sell George Long on account, 10 bbls. pork at $16.50.
9. Sell Henry King for cash, 20 bbls. beef at $19.
10. Buy of Isaac Mann on account, 30 bbls. pork at $14; 25 bbls. beef at $17.50.
12. Receive cash of George Long, to apply on account, $100.
13. Sell T. R. Queen on account, 20 bbls. pork at $17; 20 bbls. beef at $19.75.
17. Pay Isaac Mann cash, to apply on account, $500.
20. Withdraw from the business for personal use, $150.
23. Sell Nathan Berry on account, 10 bbls. beef at $19.50; 10 bbls. pork at $17.
24. Receive cash of T. R. Queen, to apply on account, $550.
26. Sell George Long on account, 10 bbls. pork at $16; 8 bbls. beef at $18.

28. Buy of A. S. Poole for cash, 20 bbls. pork at $14; 15 bbls. beef at $17.

29. Sell T. R. Queen on account, 10 bbls. beef at $18.25; 6 bbls. pork at $16.50.

30. Pay clerk hire in cash, $35.

By reference to the model journal the student can discern the proper form for each of the above entries; and by reference to the Rules for Journalizing he can know the reason for each entry.

All work should be done with neatness. Take pains with your writing. Do not make large figures.

Page your sheets consecutively, 1, 2, 3, etc. Below the last journal entry copy the merchandise inventory, using the form given in the model for inventories, page 11.

The following is the merchandise inventory. Verify it.

32 bbls. Pork	$14.	$448	
12 bbls. Beef	17.50	210	
			$658

Pass the journal sheet to teacher for correction and criticism.

Posting. — After your journal has been approved, post it to the ledger. Open accounts on ledger paper, three on each page, the following placed first: Student's name, Expense, Cash, Merchandise.

Consult the model ledger, page 7.

After posting, check all the items (see **14** in "Teachers' Manual," page 94), then foot the accounts having more than one item, in pencil, making very small figures.

Make a trial balance.

The footing of the trial balance is $9405.

The net gain is $218.

The present worth is $2568.

Make a statement of resources and liabilities. (See model, page 10.)

Make a statement of losses and gains. (See model, page 10.)

Analyze the two statements.

Closing the Ledger. — First close Merchandise account, using the inventory. (See model, page 9.)

Next close Expense account. (See model for closing, page 9.)

Close Loss and Gain account. (See model, page 9.)

Close Proprietor's account, showing present worth. (See model, page 9.)

Close remaining accounts by balance. (See model, page 11.)

Do not rule Berry's account, as it has but one item.

After closing the ledger make a trial balance of all the items below the rulings. By this means any error in omitting the transfer of a red-ink entry will be readily detected.

Pass the sheets containing your journal, ledger, trial balances, and statements to your teacher for examination. If approved by him, copy the journal, ledger, and statements on your blank books. Page the books consecutively.

Written Test. — Take a journal sheet and record the following transactions:

Jan. 1. Student begins business, investing cash, $2000.
2. Buy of Rose & Co., for cash, 500 bu. wheat at 80¢.
3. Sell E. L. Brown, for cash, 400 bu. wheat at $1.
5. Pay cash for 1 T. coal at $5.25.
7. Withdraw cash for private use, $50.
9. Buy of Snow Bros., on account, 1000 bu. wheat at 85¢; 1000 bu. oats at 30¢.
12. Sell Amos Frey, on account, 1100 bu. wheat at 95¢; 500 bu. oats at 40¢.
16. Give Snow Bros. cash for one-half invoice of the 9th inst.
20. Receive cash of Amos Frey to apply on account, $200.
21. Pay rent for January in cash, $50.
24. Pay Smith & Co. cash for stationery, $5.
31. Receive cash of Amos Frey for balance due on invoice of the 12th inst.

Post the above exercise to a ledger sheet. Make an inventory of the goods on hand and record it on the journal sheet. Estimate the stationery at $4. Use cost prices on the merchandise. Make a trial balance and the two statements. Close the ledger sheet. Submit your work to the teacher. *This exercise is not to be copied on the regular books.*

NOTE. — For special exercises on the trial balance, see "Teachers' Manual," Exercises LXI–LXIII.

Definitions for Discussion. — Define the following terms: bookkeeping; value; credit; an account; resources; gains; net credit; present worth; expense; on account; a business transaction; debit; double entry; classes of accounts; liabilities; losses; kinds of accounts; merchandise; cash; posting.

Oral Exercises in Journalizing

Journalize each of the following items and give the proper explanation for each entry.

First: Illustrating cash received or paid on account.

1. Receive of H. Anson $158, to apply on account, in cash.
2. Pay William Harrison cash, to apply on account, $86.
3. Receive of James Hall, to apply on account, $65, in cash.
4. Pay Jesse Harris cash, to apply on account, $206.
5. Receive of I. N. Willard, in full of account, $43, in cash.

Note the difference between *on account* and *in full of account.*

6. Pay H. Brown cash, in full of account, $89.
7. Receive of John Banner, to apply on account, $95, in cash.
8. Pay Isaac Walton cash, to apply on account, $74.
9. Receive of Thos. Judson, to apply on account, $140, in cash.
10. Pay H. D. Henson cash, in full of account, $234.
11. Receive of L. N. Powers, in full of account, $178, in cash.
12. Pay Ray Dillon cash, to apply on account, $64.

Second: Illustrating the giving and receiving of notes on account.

1. A. J. Morley gives you his note, at 30 days, to apply on account, $245.

Note the following:

His note or *their note* always means bills receivable.

My note or *our note* always means bills payable.

2. Gave Samuel King my note at 10 days, to apply on account, $100.
3. Receive of Richard Young, on account, his note at 20 days, $175.
4. Gave Chas. Parker my note at 60 days, in full of account, $250.
5. Gave Uriah Jacobs my note, with interest, at 30 days, in full of account, $300.

Note the following:

No entry is made for interest in an entry like the above until the note *is due and paid.* This will be fully illustrated in the fourth exercise.

6. R. D. Noyes gives you his note, with interest, at 60 days, in full of account, $400.
7. Receive of Henry Cannon his note at 10 days, in full of account, $185.
8. Give your note to A. S. Weaver at 20 days, in full of account, $350.

9. Receive of Stone & Co. their note at 10 days, in full of their account, $345.

10. Give Young & Co. your note at 60 days, to apply on account, $245.

Third: Illustrating the payment of notes.

1. A. S. Burton pays his note in cash, $250.
2. You pay your note, in favor of F. M. Shaw, in cash, $145.
3. T. B. Mason pays his note in cash, $95.
4. Your note, in favor of Geo. E. Betts, is paid to-day in cash, $186.
5. H. D. Allen pays his note, in your favor, in cash, $235.
6. I. K. Smith pays his note in cash, $350.
7. You pay your note, in favor of Geo. E. Bain, in cash, $430.
8. Your note, favor Edwin Reed, is paid in cash, $335.
9. Receive of Frank Knight cash for his note due to-day, $225.
10. Pay your note, due to-day, in cash, in favor of John Walters, $453.

Fourth: Illustrating the payment of interest when due and interest on notes when due.

1. T. B. Hanson pays his note and interest, due to-day, in cash; face of note, $350; interest accrued, $15.

Following is the entry for the above note and interest, fully explained:

Cash	$365	
To Bills Receivable		$350
To Interest		15

If the entries are made separately, they would appear as follows:

Cash	$350	
To Bills Receivable		$350

Second entry:

Cash	$15	
To Interest		$15

Combining the two cash items in one amount, we have the entry as first made.

In each of the following entries the student will make the two entries and then combine them in one entry.

2. Received cash of J. M. Long for his note and interest to date; face of note, $450; interest, $12.

3. Paid my note and interest on same, due to-day, in favor of James Boyer; face of note, $300; interest, $7.50.

4. Received cash of James Spence for interest due on his note, $17.45. (One debit and one credit.)

5. Paid my note and interest in favor of H. V. Warren; face of note, $234.75; interest, $22.13.

6. Paid John Doone the interest on my note in cash, $25. (One debit and one credit.)

7. Received of J. D. Wilson cash for his note and interest, due to-day; face of note, $247.50; interest, $9.85.

8. Paid my note and interest on same, due to-day, in favor of V. M. Carton; face of note, $540; interest, $10.80.

9. James Mason paid cash for his note and the interest accrued; face of note, $236.65; interest, $11.26.

10. My note in favor of R. S. Chaffin is paid to-day and the interest accrued; face of note, $536.12; interest, $13.27.

Fifth: Allowance of discount.

The following illustrate the entries when discount is allowed.

1. Paid H. V. Somers for invoice of January 25, less 2%. Amount of invoice, $500; discount allowed, $10; balance paid in cash.

Following is the journal entry for the above transaction:

H. V. Somers	paid invoice	$500	
To Cash	of Jan. 25		$490
" Discount	less 2%		10

When the above invoice was bought, H. V. Somers was credited for $500, and when settlement is made *he must be debited* for an equal sum, otherwise his account would not show that the invoice was settled in full. We cancel a debt of $500 by the payment of $490.

2. Receive of Paul Jones cash for invoice of January 28, less 1%. Amount of invoice, $325; discount allowed, $3.25; balance received in cash.

Following is the journal entry:

Cash	$321.75	
Discount	3.25	
To Paul Jones		$325

When the above invoice was sold, Paul Jones was debited for $325, and when settlement is made *he must be credited* for an equal sum, otherwise his account would not show that the invoice was settled in full. He cancels a debt of $325 by paying us $321.75.

When an invoice is settled, less discount, the name of the party with whom we settle must be debited or credited for the face value of the invoice.

When payment of a note is made, when either discount or interest is allowed, the note must be debited or credited at its face value. The only exceptions are when a partial payment is made or when only part of the value of a note is ever paid. With these two exceptions the student has nothing to do at present.

The student will now recite rules for journalizing:

1. Proprietor's account.
2. Property accounts.
3. Expense account.
4. Bills Receivable.
5. Bills Payable.

In each instance the definition should be illustrated by an example. These rules should be *mastered*, not merely *memorized*.

SET II — FEBRUARY

This set is entirely separate from Set I, but the character of the work is quite the same.

Directions and Suggestions. — The following directions and suggestions should be observed by the student:

1. Books to be used : journal and ledger.
2. Use February for all dates in this set.
3. First journalize on manuscript paper.
4. The Student is represented as Proprietor.
5. The general plan of this set is the same as that of Set I.
6. The opening statement is the same in form as in Set I.

Memoranda of Transactions

1. Begin a General Merchandise Business this day, investing cash, $2000.

2. Pay rent of store for one month in cash, $30.

3. Buy of John Kean for cash, 30 bbls. flour at $3.80; 200 lbs. butter at 20¢.

4. Buy of D. M. Frost on account, 100 bu. potatoes at 73¢; 20 bbls. salt at $1.60; 150 lbs. lard at 9¢.

5. Sell Geo. Banner for cash, 10 bbls. flour at $4.20; 40 bu. potatoes at 80¢; 2 bbls. salt at $1.80.

6. Sell James Noble on account, 100 lbs. lard at 11¢; 120 lbs. butter at 23¢; 10 bbls. flour at $4.25.

8. Buy for cash a set of books for office use, $12.50.

8. Pay D. M. Frost cash, to apply on account, $100.

9. Receive cash of James Noble, to apply on account, $56.40.

10. Buy of John Neal on account, 20 bbls. flour at $3.75; 500 lbs. lard at 8¢; 500 lbs. butter at 19¢; 250 bu. potatoes at 70¢.

11. Sell Alfred Cook on account, 10 bbls. flour at $4.20; 100 lbs. lard at $10\frac{1}{2}$¢; 100 lbs. butter at 22¢.

13. Sell James Noble on account, 100 bu. potatoes at 75¢; 6 bbls. salt at $1.75; 100 lbs. lard at 11¢.

13. Receive cash of Alfred Cook, to apply on account, $50.

15. Pay John Neal cash, to apply on account, $200.

16. Buy of D. M. Frost on account, 40 bbls. flour at $3.75.

17. Sell James Noble on account, 15 bbls. flour at $4.10; 100 lbs. lard at 11¢.

18. Give D. M. Frost your note with interest, at 10 days, for invoice of the 16th. (No entry for the interest until the note is paid.)

19. Sell Thomas Carr for cash, 20 bbls. flour at $4.05; 200 lbs. butter at 21¢; 10 bbls. salt at $1.75.

21. Sell Alfred Cook on account, 2% 10 days, 10 bbls. flour at $4.20; 100 lbs. lard at 11¢; 100 lbs. butter at 21¢; 60 bu. potatoes at 76¢.

22. Sell E. R. Bowen for cash, 100 lbs. lard at 11¢.

24. Sell P. J. Hart for cash, 50 bu. potatoes at 76¢.

26. Alfred Cook settles for invoice of the 21st, less 2%; cash received, $117.21; discount allowed, $2.39. (See form of entry on page 32.)

28. Pay your note in favor of D. M. Frost, and interest in cash; face of note, $150; interest accrued, 25¢; amount paid, $150.25. (Debit *Bills Payable* and *Interest* and credit *Cash*.)

28. Pay clerk hire for the month in cash, $20.

Directions for closing Set II. — Pass your manuscript journal to your teacher for correction and criticism. When accepted by him copy it into your regular journal.

Just below the journal entries in your journal copy the following.

Merchandise inventory:			
15 bbls. Flour	$3.80	$57.	
50 lbs. Lard	.09	4.50	
180 lbs. Butter	.20	36.	
100 bu. Potatoes	.72	72.	
2 bbls. Salt	1.60	3.20	
			$172.70

Posting. — Beginning on page 4 of your ledger, open accounts in the following order, three on each page: Student's name, Expense, Cash, Merchandise.

After posting foot the accounts in pencil.

After footing the accounts make a trial balance.

Make a statement of resources and liabilities.

Make a statement of losses and gains.

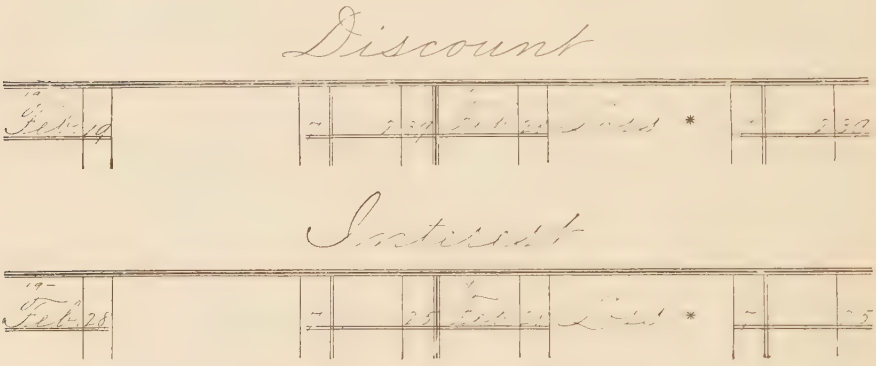
The net gain is $11.36.

The present worth is $2011.36.

NOTE. — It is suggested that it would be well for the student to copy all loss and gain accounts and his own account on ledger paper and close them before attempting to close his ledger.

After correction of your statements by your teacher close the ledger in the following order: Merchandise, Expense, Interest, Discount, Loss and Gain, Student.

Forms for closing Discount and Interest



After closing as above transfer the loss items to the debit side of the Loss and Gain account.

After showing the present worth close the remaining accounts by balance, unless otherwise instructed by your teacher.

After closing the ledger make a trial balance of all items below the rulings.

To the Teacher. — For supplementary work, see Exercises VI–VIII and Exercises XIII–XVII in the "Teachers' Manual."

REVIEW QUESTIONS

1. Define bookkeeping. 2. What is the object of bookkeeping? 3. What two general methods are there in the keeping of accounts? 4. What is journalizing? 5. What is posting? 6. Which side of bills receivable account is always the larger when there is any difference? 7. In answering the following, state whether the difference shows a resource or liability, a loss or a gain: (*a*) What does the cash account show? (*b*) What does the interest account show? (*c*) What does bills receivable account show? (*d*) What does bills payable account show? 8. Is the debit side of cash account always the larger? Why? 9. Analyze a personal account when the debit side is larger than the credit. 10. Analyze a personal account when the credit side is the larger. 11. What is an account? 12. If you wish to know what is due on any given account what book do you consult? 13. When is interest credited? 14. When is discount debited? 15. What is the general rule for journalizing? 16. When is expense credited? 17. What does a trial balance show? 18. Does a trial balance prove the correctness of the ledger? Why? 19. Name the different classes of accounts. 20. Name the different kinds of

accounts. 21. When are gains realized? 22. When do losses occur? 23. What is a business transaction? 24. Define the following: resources; liabilities; loss; gain; inventory; net credit. 25. How do you find the gain on merchandise? (Explain fully.) 26. How do you close the merchandise account? 27. How do you close the expense account? 28. What does the proprietor's account show? 29. How do you close the proprietor's account? 30. When does a personal account show a resource? 31. What is the value of a trial balance after the ledger is closed? 32. What is the difference between a trial balance before closing the ledger and after closing? 33. What is a compound entry? 34. Are there any compound entries in your journal in Set II? 35. What is the difference between bills receivable and debts receivable? 36. Can the debit side of bills payable ever be larger than the credit side? Why? 37. Name two ways of finding the present worth of a business. 38. Name two ways of finding the net gain or net loss of a business. 39. If the merchandise account balances and there is $150 worth of merchandise on hand, what is the gain or loss on merchandise? 40. Give three reasons for closing the ledger. 41. When is a business solvent and when insolvent? 42. Name all the property accounts in the ledger of Set II. 43. What essentials must be observed in recording a business transaction? 44. What is the significance of a double ruling in a money column? of a single ruling?

Class Exercises

Make statements of losses and gains and of resources and liabilities from the following ledger footings:

W. H. Jones, Proprietor		$3000
A. H. Greene		1000
Cash	$3200	
Mdse. (Inventory $1800)	4200	2800
Expense (Inventory $50)	200	
Jones & Co.		800

Make a balance sheet, using the following trial balance:

Student	$100.	$3000.
Cash	3300.	500.
Expense	100.	
Merchandise	2000.	1300.
M. Jones	450.	100.
S. Turner	1000.	1130.
Bills Receivable	504.	200.
Bills Payable	400.	1620.
Interest		4.

Inventories:

Merchandise	$1050.
Expense	45.

The student will make a balance sheet, using the following trial balance:

Student	$25.	$3000.
Cash	3256.	455.
Expense	70.	
Merchandise	1718.	1140.50
M. Brown	467.	50.
R. Henry	150.	980.
Bills Receivable	367.50	100.
Bills Payable	100.	434.50
Discount	6.50	

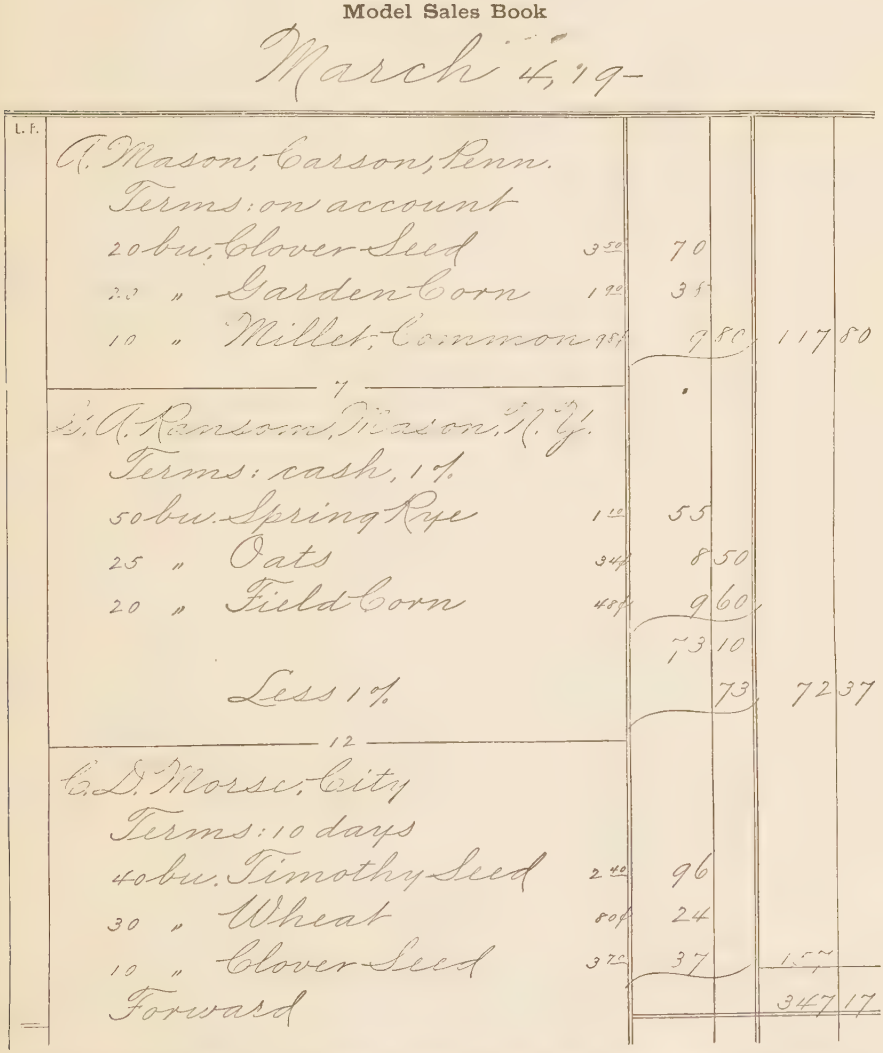
The teacher will supply the inventories to be used for this exercise. He may have them small enough to show a net loss.

After making the balance sheets make statements of resources and liabilities; also of losses and gains.

INTRODUCTION TO BUSINESS PRACTICE

New Books. — In Sets III and IV the student will use, in addition to the books already in use, the cash book, the sales book, and the purchase book.

Model Sales Book


March 4, 19-
L. F.
A. Mason, Carson, Penn.
Terms: on account
20 bu. Clover Seed 3.50 70
30 " Garden Corn 1.20 36
10 " Millet, Common .95 9.50 117.80
7
S. A. Ransom, Mason, N. Y.
Terms: cash, 1%
50 bu. Spring Rye 1.10 55
25 " Oats .34 8.50
20 " Field Corn .48 9.60
73.10
Less 1% 73 72.37
12
C. D. Morse, City
Terms: 10 days
40 bu. Timothy Seed 2.40 96
30 " Wheat .80 24
10 " Clover Seed 3.70 37 1.57
Forward 347.17

The Sales Book. — The sales book is easily understood. It usually contains an abstract or copy of each bill of goods sold. Before an invoice is delivered it is usually recorded in the sales book.

Model

Cash Receipts

	L.F.						
Jan. 1		Student	Investment	1000			
6		H. C. Winslow	On acct.	300			
12		B. V. Harris	On acct.	100			
18		Mdse.	Cash sale	50			
20		Reed & Son	On invoice	200			
20		F. R. Drake	On acct.	150			
22		Bills Rec.	B. Howe's note	100			
28		T. B. Hosmer	On invoice	130			
29		Bills Rec.	Wm. Line's note	220			
29		Interest	On above		55	2250	55
						2250	55

Cash Receipts

Feb. 1		Balance	On hand			570	55
3		J. W. Keasy	On acct.	200			
8		Bills Rec.	Perry's note prepaid	350			

When a page is filled and there are other items to record, close the page and carry the footing to the top of the next page. Never divide an invoice; if all the items will more than fill the remaining space at the bottom of the page, carry the footing forward and then record all the invoice.

Periodically the different persons are debited and merchandise is credited for the totals.

The Cash Book. — The student should make a careful study of the model cash book. Note the items of cash received, the items of cash paid out, the totals, and the balance.

It is suggested that each item appearing in the model cash book be journalized, and a comparison of the journal entry and the cash-book entry be made.

Study the cash book in connection with Daily Cash Proof, pages 46, 47.

After the above exercise the student will take journal paper (the ruling for a journal is the same as for a cash book) and enter the

Cash Book

Cash Payments

	L.f.					
Jan. 4		Crane & Hayden	On acct.	200		
10		Expense	Office books	50		
15		E. Gallop & Co.	On acct.	150		
24		Expense	Coal for store	10		
25		Bills Pay.	Acceptance favor K	400		
27		Carlin & Reed	On acct.	720		
30		Expense	Salary	150		1680
30		Balance *	On hand			570 55
						2250 55

Cash Payments

Feb. 4	Bills Pay	Note favor K. L. Drake	300		
4	E. Gallop & Co.	On invoice	250		
8	Discount	On Perry's note	3		

following items, balance and rule, and present the work to the teacher for correction and criticism. Repeat the exercise until good results are obtained. Post the exercise and take a trial balance.

1. Invest cash, $1600.
2. Pay rent of store in cash, $32.
3. Receive cash of John Walters, on account, $143.75.
4. Pay John Read cash, to apply on account, $234.
5. Sell merchandise for cash amounting to $100.
6. Buy merchandise for cash amounting to $65.
7. Receive cash of Henry Dean, in full of account, $84.
8. Pay cash for a set of office books, $12.50.
9. Pay cash for an insurance policy, $20.
10. Pay clerk hire in cash, $25.

NOTE. — In Sets III and IV cash purchases and cash sales are entered in the cash book only.

Model

INV. NO.	DATE	NAMES AND ADDRESSES	TERMS	AMOUNT	F
1	Jan 1	S. D. Minnich, Albany, N.Y.	30 days	642 84	
2	Jan 20	C. K. Flinn, Boston, Mass.	60 days, 2% 10 da.	500	
3	Feb 4	J. M. Kane, Brooklyn, N.Y.	Cash; 5%	640 50	
		Mdse Dr.		1783 34	

The Purchase Book. — The accompanying outline is for a purchase book. In this book all purchases of merchandise are recorded. The manner of recording is fully illustrated.

Various books are designed for recording purchases, but the plan given is very simple and illustrates the methods of any book used for purchases. In the advanced portion of the work an invoice book will be introduced.

The Check Book. — Below is a check properly filled out. On the opposite page is a stub, the date, number, payee, amount, etc., corresponding with the check itself. At the left of the stub is a section of the left page of the check book illustrated.

When you open an account with a bank the amount of your deposit should be written on the left page of the check book; and when you draw a check the amount of the check is subtracted from the amount on deposit in the bank. Thus the check book should always show just the amount on deposit at the time of the drawing of a check.

To the Teacher. — Explain the use of a check book in detail.

Model Check

Boston, Mass., May 4, 19__ No. 1

The Union Bank

Pay to the order of Silas Long $112.48

One Hundred Twelve 48/100 Dollars

E. C. Dunn

Purchase Book

WHEN DUE Mo.	Da.	Yr.	WHEN AND HOW PAID DATE	Ck.No	MEMORANDUM	DISC.	AMT PAID
Jan.	31	19-					
Mar.	21	19-					
Feb	4	19-	Feb. 4	16	Less 1%	2 41	238 17

Model Left Page of the Check Book

May	1	Deposit	1600	
May	4	ck #1	112 48	1487 52

Model Check Stub

No. 1

Date May 4, 19

To Silas Long

For on account

Amount, $ 112 48

Forms of Indorsement for Notes and Checks

Blank Indorsement

Silas Long

Full Indorsement

Pay to the order of
J. C. Whitty & Co.
Silas Long

A check is a written order upon a bank for the payment of a designated sum of money. *Checks are treated as cash.*

Exercises on Business Forms. — Write a check for each cash payment in Set I; in Set II. Indorse the first two checks *in full.*

Write a check on Union Bank in favor of Warren & Co. for 75¢. Warren & Co. indorse the check *in full* and cash it; write the indorsement. (See form, page 43.)

Model Receipt

Boston, Mass., Jan. 9, 19—

Received of Frank C. Bliss

Two Hundred 75/100 Dollars

to apply on account.

$200.75 Clark & Simpson

After copying the above write receipts for the following:

S. M. Howe owes you $165, and pays you the whole amount.

NOTE. — The last part of the receipt has these words: *in full of account.*

James Hess owes you $86.75, and pays you $36.75.

NOTE. — The last part of the receipt has these words: *to apply on account.*

Model Deposit Tickets

THE UNION BANK

DEPOSITED BY

Clark & Co.

Boston, Mass., Feb. 1, 19

Please list each check separately

Bills	2500	
Gold		
Silver		
Checks		

THE UNION BANK

DEPOSITED BY

W. B. Gray & Co.

Boston, Mass., Jan. 7, 19

Please list each check separately

Bills	30	
Gold		
Silver	10 72	
Checks	420	
	105 50	
	1052 30	
	1678 55	

The above are deposit tickets. The first represents a deposit of currency only; the second represents a deposit of currency and several

checks. Always list checks; that is, write the amount of each check separately.

Write deposit tickets for the following transactions with Union Bank:

1. Deposit $320 in gold, $8.50 in silver, $200 in bills, and two checks of $210 and $65.30 respectively.

2. Deposit $1200 in bills, and checks for $75 and $720 respectively. Collection on the checks, $1.

The following form shows how an invoice should be made out when goods are bought or sold. This invoice being on account, it is not receipted.

Model Invoice

New York, June 4, 19—

Messrs. Clark & Smith,
Springfield, Mass.

To Endicott & Bush Dr.

Terms 60 days.

2	casks T. Prunes	78.75	157	50		
10	bags P. Tapioca	7 1/2	71	25		
5	" S. Pepper	18	90			
5	bbls. P.R. Molasses	16 4/5	83	33	402	08

Copy the above invoice. Do your best work. Aim to produce good writing, neat, legible figures, etc.

Make bills for each sale of merchandise in Set I; for each sale of merchandise in Set II.

The invoice given on the next page is receipted. The terms are *cash*, and for immediate payment a discount is given.

Model Receipted Invoice

Boston, Mass., Aug. 2, 19—

Mr. Chas. N. Palmer,

City

To Edgar Townsend. Dr.

Terms Cash, less 1½%.

5	Bxs. E. Soap	3.00	15	75		
2	sh. Y. H. Tea	38.25	76	50		
5	bbls. O. Salt	.95	4	75		
2	" A. Sugar	15.50	31	69		
			131	69		
	Less 1½%		1	98	129	71
	Rec'd payment.					
	Edgar Townsend.					

Make receipted bills for each of the following:

1. Jan. 17, C. H. Palmer, Trenton, N.J., bought of Student for cash, less 3%: 25 doz. table knives at $7.50; 15 doz. nail hammers at $9.00; 25 doz. safety locks at $4.50.

2. May 15, R. H. White, Albany, N.Y., bought of Student for cash, less 5%: 25 doz. coal hods at $7.25; 15 doz. safety locks at $4.50; 15 doz. nail hammers at $9.00; 25 doz. knives and forks at $12.75; 10 doz. lanterns at $6.50; 12 doz. panel saws at $16.25; 8 doz. carpenter's chisels at $4.

Folding Invoices for Filing. For convenience in handling, fold all bills of merchandise once lengthwise, face outward.

Daily Cash Proof. — In the set following the student is to use a cash book, and in the regular business practice he will use representative money in carrying out his various transactions. *The cash book is one of the most important books used in business.* At the close of *each* day's business cash should be proved.

How to prove cash:

1. The left side of the cash book shows all cash received.
2. The right side of the cash book shows all cash paid out.
3. The difference shows the amount of cash the business has on hand.
4. The money in the cash drawer added to the amount in the bank equals difference shown by the cash book.
5. If no bank account is kept, the cash in the drawer equals the difference shown by the cash book.

It is suggested that the following form of proof be used:

DAILY CASH PROOF

Name J. R. Brown

Date Jan. 15, 19-

Cash received per cash book, total	57 60 40
Cash paid per cash book, total	13 00 00
Balance per cash book	44 60 40
Cash on hand per cash drawer	4 00 00
Cash in bank per check book	40 60 40
Total	44 60 40

On the next page is the proper form for a promissory note. The student will copy it a number of times until the form is clearly in mind. The person who signs a note is the *maker;* the person in whose favor it is drawn is the *payee.*

Model Note

$1200.65 Boston, Mass., Jan. 16, 19—

Thirty days after date I promise to pay to the order of Morgan, Taylor & Co.

Twelve Hundred 65/100 Dollars

at Winthrop National Bank

Value received

No. 12. Due Feb. 15. Henry W. Sherman.

Write the notes referred to in transactions 2, 4, 5, and 8, page 30.

Model Letter ordering Goods

Westfield, Mass., Jan. 6, 19—

Messrs. Jones, Clark & Smith,
Springfield, Mass.

Gentlemen:

Please ship us at once by fast freight:

40 bbls. White C. Sugar,
20 " Standard A. Sugar,
20 " Fine Granulated Sugar,
10 " Roller Process Flour,
5 " Akron Oatmeal.

Respectfully,
Geo. K. Keefe.

Review Exercises. —1. Write a receipt for money paid you by Harold Post in full of account, $19.75.

2. Amos R. Wells owes E. N. Fisher & Co. $400. On April 15 he makes a payment of $50 in cash. Write the receipt for the money.

3. Write a promissory note. Amount, $1200; your place and the current date; time, 60 days; payee, John Williams; payable at Union Bank; maker, Student.

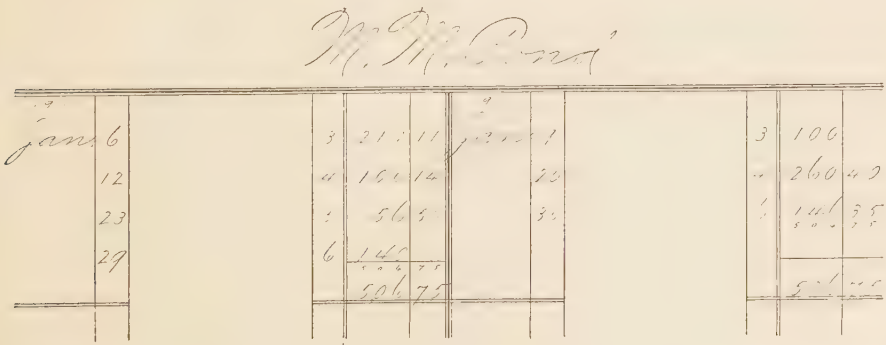
Give the journal entry for each party to each of the above forms at the time of issuance.

The following forms represent the closing of personal accounts containing items as indicated.

Where an account has but one item it should not be ruled at all.

Where an account balances, there being but one item on each side, close as follows:

Where an account balances, there being several items on each side, close as follows:



SET III — MARCH AND APRIL

WORK FOR MARCH

The object of this set is to instruct the student in the elementary principles of business practice. Business forms are employed, and all transactions of cash admit of the handling of currency. The student is required to write letters ordering goods. He has an account with the bank and makes deposits and draws checks. The set covers a period of two months, March and April, the books being closed at the end of each month.

Price Lists for March and April

ARTICLE		1		2		3		4		5	
		COST	SELLING PRICE	COST	SELLING PRICE	COST	SELLING PRICE	COST	SELLING PRICE	COST	SELLING PRICE
Clover Seed,	bu.	$3.50	$3.70	$3.40	$3.65	$3.60	$3.80	$3.55	$3.75	$3.75	$4.00
Dwarf Beans,	"	4.00	4.20	4.10	4.30	3.95	4.15	4.05	4.25	3.90	4.15
Field Corn,	"	.44	.48	.45	.50	.42	.48	.43	.48	.40	.46
Garden Corn,	"	1.75	1.90	1.80	1.95	1.70	1.90	1.65	1.80	1.60	1.80
Millet, Com.,	"	.90	.98	.95	1.05	.85	.95	.88	.98	.80	.90
Oats,	"	.30	.34	.32	.37	.28	.33	.33	.38	.35	.40
Spring Rye,	"	1.00	1.10	1.05	1.16	.95	1.06	1.00	1.15	.90	1.05
Timothy Seed,	"	2.25	2.40	2.30	2.50	2.20	2.40	2.35	2.50	2.45	2.65
Wheat,	"	.80	.90	.85	.96	.75	.90	.90	1.00	.85	1.00

To the Teacher. — Assign price lists to the different students, and note that all buying and selling is to be according to the list assigned. For additional price lists, see price card in Blank Business Forms No. 1.

The books to be used in this set are: journal; ledger; sales book; cash book; purchase book.

Directions and Suggestions. — The teacher may require that this set be written in either of the following ways:

1. Simply recording the transactions as in the preceding sets.
2. In addition to the above all business forms may be written.
3. In addition to recording the transactions, writing the business forms, etc., the student may do the business called for, such business to be transacted at the teacher's desk, or at offices.

The latter plan is the most helpful, and the memoranda and all directions are prepared for business practice.

Prove the cash at the close of each school day. No matter how little has been done, prove the cash each day.

Unless otherwise instructed, keep the cash book on separate paper and copy it in the books at the end of the month; put all other work directly on the books.

Business Forms for March

The following is an exercise on common business forms. It should be completed by the student before taking up the memoranda of transactions for March.

All the forms should be *numbered consecutively*. The invoices should be folded once lengthwise, face outward. After the forms have been completed they should be arranged in order from 1 to 12 and placed in the envelope marked *Incoming Papers*.

In all the invoices the student is represented as the purchaser. The data is an accurate description of a series of business forms. The student is to transform this data into business papers.

In actual business one would not sign another's name to a note, receipt, etc., without express authority to do so. To emphasize this fact in signing such papers, in this and following exercises the student may write the name given and add his initials below it; thus, E. C. Ferry
per C.O.B.

Form 1: Receipted invoice of E. C. Ferry, City, March 2. Terms: cash.

50 bu. Clover Seed — 100 bu. Field Corn
100 bu. Oats

Receipt the bill in the following manner: *Received Payment, E. C. Ferry.*
per (your initials)
Use billheads from your envelope of blank business forms. Fold the invoice for filing.

Form 2: Invoice of S. D. Welch, City, March 5. Terms: on account.

20 bu. Dwarf Beans — 40 bu. Garden Corn
100 bu. Millet — 100 bu. Wheat

Do not receipt the bill. Fold for filing.

Form 3: March 7 Amos Graves receives of you $35 for rent of the store. Make the receipt in your favor.

Form 4: Bill of David Ross for office books and stationery, March 8. Terms: cash.

Office Books	$8.50
Stationery	4.
	$12.50

Make out the bill and receipt it. Fold for filing.

Form 5: Invoice of Henry Bruce, City, March 10. Terms: on account.

100 bu. Spring Rye 50 bu. Timothy Seed

Make out the bill in the usual form but do not receipt it.

Form 6: Bill of I. N. Moss for 2 tons of coal at $5.20 per ton, March 11. Terms: cash. Receipt the bill.

Form 7: Bill of A. C. Webb, City, for office safe, $75, March 12. Terms: cash. Receipt the bill.

Form 8: Invoice of Haynes & Co., City, March 14. Terms: on account.

30 bu. Dwarf Beans 100 bu. Spring Rye
200 bu. Field Corn 200 bu. Wheat
100 bu. Millet

Make out the bill but do not receipt it. Fold for filing.

Form 9: Invoice of S. D. Welch, City, March 27. Terms: on account.

10 bu. Dwarf Beans 100 bu. Millet
100 bu. Field Corn 100 bu. Oats
20 bu. Garden Corn

Make out the bill but do not receipt it. Fold for filing.

Form 10: Invoice of Henry Bruce, City, March 25. Terms: on account.

100 bu. Spring Rye 200 bu. Wheat

Make out the bill but do not receipt it. Fold for filing.

Form 11: Write a note, in your favor, at 30 days, with interest, for $180, dated March 29. Sign as follows: Jesse Watson.

Form 12: Write a receipt, in your favor, for $30, dated March 31. Sign the name of your teacher and add your initials below.

All the above forms should be examined by your teacher. Be sure to arrange them in order from 1 to 12 before passing them in. Hand in no form that contains an erasure.

To the Teacher. — After the incoming forms have been completed and corrected the envelope containing them may be returned to the student, to be retained by him and the forms withdrawn as they are needed. If no offices are used, this plan should be adopted.

If the teacher so desires, all outgoing papers may be retained by the student until the completion of any given set. An ordinary legal envelope properly labeled may be used for filing such papers.

The student will now take up the work of Set III.

Memoranda of Transactions for March

1. Commence the Grain and Seed Business this day, investing cash, $2400.

Place the above memoranda in your journal, but make no journal entry. Enter in the cash book. Receive the currency from your teacher.

2. Write a letter to E. C. Ferry, City, ordering the goods outlined in Form 1, page 51.

See model letter for ordering goods, on page 48. Hand the letter to your teacher and receive the invoice of Form 1, noting that it is correct in every detail. Pay for the invoice. Enter in the cash book, right side, Mdse. Place the invoice in the *Paid Bills* envelope.

3. John Williams, City, has written you a letter ordering the following goods. Fill the order. Terms: cash.

20 bu. Clover Seed 50 bu. Field Corn
40 bu. Oats

Make an invoice of the goods (see model form, page 46), receipt the bill, pass it to your teacher, and receive the money. Be careful in counting all the cash received or paid out. Enter in the cash book, left side, Mdse.

4. Deposit in Union Bank $1500, cash.

Make out a deposit ticket; then take your pass book, currency, and deposit ticket to your teacher and receive directions from him. Record only in the check book. (See form on the left half of the check-book model, page 43.)

Note. — When we make a deposit in a bank an account is opened with us by the bank. Before such an account is opened the depositor is required to write his name in a book provided by the bank, such book containing the signatures of all the depositors. One should write his name in just the manner or form he uses when signing any business paper or document. By reference to this book the bank can easily identify any signature. In large cities various requirements must be observed before opening an account. Nearly all banks require persons to be identified before receiving a first deposit.

5. Write a letter to S. D. Welch, City, ordering the goods outlined in Form 2.

Hand in the letter and receive the invoice. Record in the purchase book. Place in the *Unpaid Bills* envelope.

6. John Wells, City, has written you a letter ordering the following goods. Fill the order. Terms: on account.

5 bu. Dwarf Beans 20 bu. Garden Corn
50 bu. Millet

Make out the invoice, have the same corrected by your teacher, and then record in the sales book. (See model, page 39.) After recording hand in the invoice.

7. Pay rent of the store in cash, $35.

Pay the money and get a receipt, Form 3. Record in the cash book, Expense.

8. Pay bill of David Ross, in cash, for office books and stationery, $12.50.

Hand in the money and get the receipted bill, Form 4. Record in the cash book, Expense.

9. Give S. D. Welch your check, to apply on account, $200.

Make out the check. (See model, page 42.) After recording in the cash book hand in the check.

NOTE. — A receipt need not be taken when an amount is paid by check, as the canceled check will be returned to you as a receipt.

10. Write a letter to Henry Bruce, City, ordering the goods outlined in Form 5.

Hand in the letter and receive the invoice. Record in the purchase book.

11. Pay bill of I. N. Moss, in cash, for 2 tons of coal, Form 6.

Hand in the currency and get the receipted bill. Enter in the cash book, Expense.

12. Pay bill of A. C. Webb, City, by check, for office safe, $75, Form 7.

Make out the check and hand it in, and receive the receipted bill. Enter in the cash book, Expense.

Consult your teacher about carrying forward in your check book.

13. Receive cash of John Wells, to apply on account, $100.

Make out the receipt, hand it in, and receive the money. Enter in the cash book. Place the money in the *Business Cash* envelope.

14. Write a letter to Haynes & Co., City, ordering the goods outlined in Form 8.

Receive the invoice and record it in the purchase book.

15. Boyd & Co., City, have written you a letter ordering the following goods. Fill the order. Terms: on account.

100 bu. Field Corn	50 bu. Spring Rye
100 bu. Millet	10 bu. Dwarf Beans

Make out the invoice and have it corrected. Enter in the sales book. Hand in the bill.

16. Deposit cash, $300. Follow the preceding directions for deposits.

17. Pay Henry Bruce by check, $112.50, to apply on account. Enter in the cash book and purchase book.

18. Howard Young, City, has written you a letter ordering the following goods. Fill the order. Terms: on account.

20 bu. Clover Seed	10 bu. Timothy Seed

Make out the invoice. Record it in the sales book. Hand in the invoice.

19. Jesse Watson, City, has written you a letter ordering the following goods. Fill the order. Terms: on account.

200 bu. Wheat

Enter in the sales book.

20. Withdraw $50 for personal use, in cash.

Take the currency from the envelope marked *Business Cash* and place it in the one marked *Personal Cash*. Enter on the right side of the cash book (student's name).

23. Receive cash of Boyd & Co., to apply on account, $200.

Enter in the cash book. Hand in the receipt and receive the currency.

23. Give Haynes & Co. your check, to apply on account, $500.

Enter in the cash book and purchase book.

24. Write a letter to S. D. Welch, City, ordering the goods outlined in Form 9.

Follow the preceding directions for similar transactions. Enter in the purchase book.

25. Write a letter to Henry Bruce, City, ordering the goods outlined in Form 10.

Follow the preceding instructions. Enter in the purchase book.

26. John Wells, City, has written you a letter ordering the following goods. Fill the order. Terms: on account.

50 bu. Spring Rye	150 bu. Wheat

Make out the invoice. Record it in the sales book.

27. Give S. D. Welch your note at 8 days, to apply on account, $100.
Write the note and hand it in. Enter in the journal and purchase book.

28. Boyd & Co., City, have written you a letter ordering the following goods. Fill the order. Terms: on account.

100 bu. Wheat	10 bu. Clover Seed
5 bu. Dwarf Beans	10 bu. Garden Corn

Make out the invoice. Record it in the sales book.

29. Receive a note made by Jesse Watson, Form 11.
Make the proper entry in the journal. Place the note in the *Unpaid Bills* envelope.

29. Receive cash of John Wells, to apply on account, $100.
Write the receipt and get the currency. Enter in the cash book.

31. Oscar Wilson, City, has written you a letter ordering the following goods. Fill the order. Terms: cash.

50 bu. Field Corn	100 bu. Oats
10 bu. Garden Corn	150 bu. Spring Rye

Make the invoice, receipt it, and receive the currency. Enter in the cash book, Mdse.

31. Pay clerks' salaries for the month in cash, $30.
Hand in the currency and get a receipt, Form 12. Enter in the cash book, Expense.

INVENTORIES, MARCH 31, 19—

Merchandise:

40 bu. Dwarf Beans	60 bu. Oats
200 bu. Field Corn	50 bu. Spring Rye
20 bu. Garden Corn	40 bu. Timothy Seed
150 bu. Millet	50 bu. Wheat

Expense:

Office Safe	$75.	
Office Books	8.	
Office Supplies	2.75	
Coal	6.40	
		$92.15

Closing the Work for March

Have all books corrected by your teacher before closing.

After the cash-book manuscript has been corrected by your teacher, record in the regular cash book.

Leave your pass book at the teacher's desk or business office.

Space for ledger accounts:

Student's account, one-half of a page.

Merchandise account, one-half of a page.

All other accounts, one-third of a page.

The different books should be closed as follows:

Cash Book. — Find the correct balance (consult your teacher); then rule and close in just the same form as the *model cash book*, pages 40 and 41.

Sales Book. — After the last item in the sales book rule a single red line, and one line below rule two red lines, parallel; place the footing of the sales book between these rulings. On the same line upon which the footing has been written, at the left, write *Mdse. Cr.* This closes the sales book.

Purchase Book. — Rule in the same manner as the sales book, and at the left write *Mdse. Dr.*

The sales book should be ruled the same as the journal — a red line upon either side of the date.

The different books should be posted in the following manner:

Cash Book. — When a cash book is used it is not necessary to open a cash account in the ledger — the cash book is the cash account.

The *left* side of the cash book represents all cash received, and therefore is the debit of cash; hence credit each item that appears on the left side of the cash book. Remember the posting pages.

The *right* side of the cash book represents all cash paid out, and therefore is the credit of cash; hence, in posting, debit each item that appears on the right side of the cash book. Remember the paging.

In the explanatory column of the ledger write *C. B.* for each item posted from the cash book. This is necessary, as we are now posting from several books to the ledger.

Sales Book. — Debit each name for the amount of each sale in the sales book and *credit merchandise for the footing.* In the ledger write *S. B.* for explanation.

Purchase Book. — Credit each name for the amount of each purchase in the purchase book and *debit merchandise for the footing.* In the ledger write *P. B.* for explanation. Remember the pages for posting.

Journal. — Post the journal as usual. Use *J.* for explanation.

Inventories. — Enter the inventories in your journal, just below the last journal entry.

Find the value of the merchandise *at the cost price given in your list number.*

Trial Balance. — Take a trial balance of your ledger. Your ledger will not balance without using the balance from the cash book. After Cash, on your trial balance, in the debit column, write the amount of the balance as it appears in your cash book.

Statements. — After your trial balance has been accepted by your teacher make two statements of the business for the month, as follows:

1. Statement of resources and liabilities.
2. Statement of losses and gains.

If necessary, consult the model forms for statements, page 10.

Closing the Ledger. — Close *only* the following:

1. Merchandise. (Use inventory.)
2. Expense. (Use inventory.)
3. Loss and Gain.
4. Student's account.

Do not close any of the other accounts.

Pass all your books to your teacher for inspection and approval. If he accepts your work, you are ready for the next exercise.

SET III — MARCH AND APRIL

WORK FOR APRIL

Business Forms for April

The following forms are to be made out by the student before beginning the work for April.

Form 13: April 1 Amos Graves gives you a receipt for $35 for rent of the store. Write the receipt in your favor.

Form 14: Invoice of Henry Bruce, City, April 6. Terms: on account.

50 bu. Clover Seed — 300 bu. Oats
50 bu. Garden Corn — 100 bu. Millet

Fold for filing.

Form 15: Invoice of S. D. Welch, City, April 9. Terms: on account.

200 bu. Field Corn — 100 bu. Spring Rye
200 bu. Wheat

Fold for filing.

Form 16: Invoice of C. V. Cronin, City, April 11. Terms: cash.

50 bu. Timothy Seed

Form 17: Write a note, in your favor, at 10 days, for $100, dated April 14. Sign as follows: *Boyd & Co.*
per (your initials)

Form 18: Invoice of Smith & Bowers, City, April 25. Terms: cash.

20 bu. Dwarf Beans — 200 bu. Field Corn
50 bu. Garden Corn

Receipt the invoice and fold it for filing.

Form 19: Write a receipt, in your favor, for $30, dated April 30. Sign the name of your teacher and add your initials below.

Memoranda of Transactions for April

Directions and Suggestions. — Set III comprises two months, March and April. The work following is a continuation of the work in March. Each student will use the same price list, etc., as in March.

The memoranda for April are in just the same line as those given in March. As such full and explicit instructions were given in the March work, much of the explanatory matter will be omitted in April. If anything is not understood, review a similar case in preceding work. *Learn to rely on yourself.*

1. Amos Graves receives of you $35 in cash for rent of the store. Hand in the currency and get a receipt, Form 13.

1. Give Henry Bruce your check, in full of account.

All accounts are in the ledger; *in full of account* means that we pay the balance shown by the ledger account.

3. Howard Young pays you cash, in full of account.

Make a receipt for the money and hand it in. Enter in the cash book.

4. Deposit cash, $500.

All the business forms you now write *should be very much* better than the work you did last month.

4. Pay your note, in favor of S. D. Welch, in cash.

The note was given March 27 and is due to-day.

When you pay the money have the note marked *Paid* across the face. This cancels the note and it serves as a receipt. Enter in the cash book. Place the canceled note among the receipts.

5. Deposit cash, $300.

Are you doing your *best work* all the time?

6. Write a letter to Henry Bruce, City, ordering the goods outlined in Form 14.

7. Howard Young, City, has written you a letter ordering the following goods. Fill the order. Terms: on account.

100 bu. Field Corn 50 bu. Millet
20 bu. Timothy Seed

9. Give S. D. Welch your check, to apply on account, $200.

9. Write a letter to S. D. Welch, City, ordering the goods outlined in Form 15.

10. Boyd & Co., City, have written you a letter ordering the following goods. Fill the order. Terms: on account.

30 bu. Garden Corn 20 bu. Clover Seed
100 bu. Oats

11. Write a letter to C. V. Cronin, City, ordering the goods outlined in Form 16. Pay the bill in cash.

12. P. H. Morse, City, has written a letter ordering the following goods. Fill the order. Receive cash, $125.

20 bu. Timothy Seed 100 bu. Field Corn
100 bu. Wheat

Make out the invoice. Terms: cash and on account. Record the entire invoice in the sales book.

Hand in the invoice and receive the cash and give a receipt.

On the left side of the cash book write: P. H. Morse, on invoice, $125.

13. Give Henry Bruce your note at 30 days, to apply on account, $200.

Write the note and have it corrected by your teacher. Enter in the journal and purchase book.

14. Receive a note from Boyd & Co., Form 17.

Enter in the journal. Place the note in the *Unpaid Bills* envelope.

15. Jesse Watson, City, has written a letter ordering the following goods. Fill the order. Terms: on account.

20 bu. Dwarf Beans	50 bu. Spring Rye
50 bu. Millet	10 bu. Timothy Seed

15. Receive of Howard Young cash, in full of the invoice sold him on the 7th.

Refer to the sales book for the amount of the invoice.

Make out the receipt and receive the currency. Enter in the cash book.

17. Deposit cash, $200.

18. Give S. D. Welch your check for the amount of the invoice bought of him on the 9th.

Refer to the purchase book for the amount of the invoice. Write the check.

Hand in the check and have the invoice receipted.

Place the receipted invoice in the *Paid Bills* envelope.

19. Howard Young, City, has written a letter ordering the following goods. Fill the order. Terms: on account.

100 bu. Wheat

20. F. G. Morgan, City, has written a letter ordering the following goods. Fill the order. Terms: cash.

10 bu. Clover Seed	10 bu. Timothy Seed

Make out the invoice, receipt it, hand it in and receive the money. Enter in the cash book, Mdse.

21. Boyd & Co., City, have written you a letter ordering the following goods. Fill the order. Terms: on account.

30 bu. Timothy Seed	20 bu. Garden Corn
50 bu. Millet	40 bu. Spring Rye

22. John Wells, City, has written a letter ordering the following goods. Fill the order. Terms: on account.

200 bu. Oats 50 bu. Millet
100 bu. Field Corn

24. Receive cash of Boyd & Co., to apply on account, $165. Make out the receipt and receive the currency.

24. Boyd & Co. pay their note, in your favor, due to-day.

Cancel the note, present it at the office, and receive the money. Have the note canceled. Enter in the cash book.

25. Write a letter to Smith & Bowers, City, ordering the goods outlined in Form 18.

Hand in the letter, receive the invoice, and pay for the same in cash. Enter in the cash book.

26. Johnson & Pease, City, have written a letter ordering the following goods. Fill the order. Terms: cash.

10 bu. Dwarf Beans 100 bu. Field Corn
25 bu. Garden Corn

Make out the invoice, receipt it, and get the money. Enter in the cash book, Mdse.

27. Deposit cash, $250.

27. Receive cash of Jesse Watson, on account, $175.

Make out the receipt and get the money.

28. Prepay your note, in favor of Henry Bruce; face of the note, $200.

This note has yet 15 days to run, and he allows the discount for that time, 50¢; amount of your check, $199.50. Hand in the check and receive the note canceled.

Enter in the cash book as follows: right side, Bills Payable, $200; left side, Discount, 50¢.

28. Jesse Watson pays his note and interest in cash; face of note, $180; interest, 90¢. You receive $180.90.

Enter in the cash book as follows: left side, Bills Receivable, $180; Interest, 90¢. Cancel the note.

29. Receive cash of Howard Young for the invoice sold him on April 19.

30. Pay clerk hire in cash, $30, Form 19.

30. Deposit all the cash on hand. Leave your pass book at the bank.

INVENTORIES, APRIL 30, 19—

Merchandise:

30 bu. Dwarf Beans	50 bu. Millet
20 bu. Clover Seed	60 bu. Oats
200 bu. Field Corn	60 bu. Spring Rye
45 bu. Garden Corn	50 bu. Wheat

Find the value of the above at the cost price of your list number.

Expense:

Office Safe	$75.	
Office Books	7.50	
		$82.50

CLOSING THE WORK FOR APRIL

Pass all work to your teacher for correction. If any work has been done on manuscript paper, copy it into the regular books after it has been corrected by the teacher.

Close the following books the same as in March: cash book; sales book; purchase book.

Posting. — In posting observe the following:

1. Post all April work into the same accounts as in March.
2. If any new accounts are needed, give each one-third of a page.
3. Post all books the same as in March.

Trial Balance and Statements. — After posting proceed as follows:

1. Foot the accounts in lead pencil.
2. Make a trial balance.
3. Have it corrected by your teacher.
4. Make a statement of resources and liabilities.
5. Make a statement of losses and gains.

Closing the Ledger. — Proceed to close the ledger as follows:

1. Open a Loss and Gain account or use the same one as in March.
2. Close the following into the Loss and Gain account:
   Merchandise. (Use inventory.)
   Expense. (Use inventory.)
   Interest.
   Discount.

3. If any help is needed, consult your teacher.
4. Close the Loss and Gain account.
5. Close the Proprietor's account. (Present worth.)
6. If any accounts balance, close according to previous directions.
7. All the remaining accounts should be closed by balance.

Hand all books to your teacher for correction and criticism.

NOTE. — Make a check in favor of your teacher for the amount of your bank balance.

REVIEW EXERCISES

The following is an important exercise in the closing of accounts and should be studied under the direction of the teacher.

The Trial Balance. — 1. If the trial balance shows the books in balance, does that prove the ledger correct? Give reason. 2. If books are not in balance, what should be done?

How are the following accounts closed, under the conditions named?

Merchandise Account. — 1. When the account shows a gain, using an inventory. 2. When the account shows a loss, using an inventory. 3. When the account shows a gain, not using an inventory. 4. When the account shows a loss, not using an inventory.

Discount Account. — 1. When the account shows a gain. 2. When the account shows a loss.

Interest Account. — 1. When the account shows a gain. 2. When the account shows a loss.

Expense Account. — 1. When an inventory is used. 2. When an inventory is not used.

The Balance Sheet. — 1. What do the first two columns show? the third column? the fourth column? the fifth column? the sixth column? 2. How is the net credit found? 3. How is the present worth found? 4. In what two ways is the present worth shown? 5. Why are the inventories entered in *red ink?* 6. What is the value of a balance sheet?

SET IV — MAY AND JUNE

WORK FOR MAY

The work for May and June follows the same general plan of business practice as that given in March and April. No new books are used, but the memoranda of transactions are varied, giving more extensive work in invoicing, etc. These sets in business practice are designed to give the student careful preparation for the more advanced work of the subsequent sets in the text-book.

NOTE. — In the introductory business practice all invoices of purchases and sales are represented as being in the city, to avoid the use of any more new forms until the present ones are thoroughly understood, — "Everything of something; not something of everything" should be our motto.

BUSINESS FORMS FOR MAY

The following forms are to be written by the student before beginning the work of the set.

Form 1: Invoice of Turner & Moss, City, May 2. Terms: cash.

10 doz. Carpenter's Chisels	20 sets Knives and Forks
6 Copying Presses	4 doz. Mortise Locks
10 Grindstones	1 doz. Planes, No. 4
3 doz. Handsaws	

Make out the invoice and receipt it. Fold for filing.

Form 2: Bill of H. L. Mills, City, May 4. Terms: cash.

Set of Office Books	$12
Office Stationery	3
	$15

Form 3: Invoice of Wilder & Chase, City, May 7. Terms: one-half in 3 days, one-half in 10 days.

8 doz. Coal Hods	5 doz. Lanterns
12 doz. Door Knobs	10 kegs Nails
15 doz. Hammers	2 doz. Planes, No. 4
10 Ice-cream Freezers	5 doz. Carpenter's Chisels

Make out the invoice but do not receipt it.

Form 4: Invoice of Dunn & Sanford, City, May 9. Terms: 10 days.

10 doz. Railroad Picks	12 doz. Axes
6 doz. Steelyards	20 doz. Try-squares

Price Lists for May and June

ARTICLE AND QUANTITY		1		2		3		4		5	
		COST	SELLING PRICE	COST	SELLING PRICE	COST	SELLING PRICE	COST	SELLING PRICE	COST	SELLING PRICE
Carpenter's Chisels, ½-in.,	doz.	$3.75	$4.75	$4.00	$5.00	$3.80	$5.00	$3.90	$5.00	$3.80	$5.10
Coal Hods,	"	7.50	9.00	8.00	10.00	7.50	9.00	7.25	9.00	7.75	9.30
Copying Presses,	each	6.00	8.00	5.50	7.50	6.50	8.00	6.25	8.25	6.00	8.20
Door Knobs,	doz.	.75	1.00	.80	1.20	.85	1.10	.80	1.10	.75	1.05
Grindstones,	each	3.75	5.00	4.00	6.00	3.80	5.00	3.75	5.25	3.90	5.20
Hammers,	doz.	6.00	8.00	7.00	9.00	6.50	8.00	6.25	8.20	6.75	8.60
Handsaws,	"	18.00	21.00	19.00	22.50	17.50	21.50	18.50	22.00	18.25	22.75
Ice-cream Freezers,	each	2.50	3.25	2.40	3.20	2.30	3.30	2.25	3.10	2.35	3.30
Knives and Forks,	set	1.25	1.60	1.20	1.50	1.30	1.75	1.20	1.70	1.25	1.65
Lanterns,	doz.	6.00	7.50	6.25	8.00	6.00	7.80	6.20	8.00	6.10	7.75
Mortise Locks, No. 1185,	"	4.50	6.00	5.00	6.80	4.80	6.25	4.75	6.20	4.90	6.35
Nails, 8*d*, wire,	keg	3.00	4.00	3.20	4.25	3.10	4.25	3.25	4.20	3.10	4.20
Planes, No. 4,	doz.	24.00	30.00	25.00	32.00	23.00	30.00	22.50	29.00	25.00	31.00
Railroad Picks, 9-lb.,	"	10.00	13.00	9.00	12.00	11.00	15.00	9.50	12.50	10.50	14.25
Steelyards,	"	12.00	16.00	12.50	17.50	13.00	18.00	12.25	16.25	12.00	15.80
Steel Axes,	"	9.00	12.00	10.00	12.50	9.50	13.00	9.75	12.25	9.25	12.50
Try-squares, 6-in.,	"	4.50	6.00	5.00	7.00	4.75	6.30	4.80	6.50	4.60	6.20

Form 5: Invoice of Turner & Moss, City, May 14. Terms: on account.

12 doz. Carpenter's Chisels	6 doz. Hammers
10 doz. Coal Hods	6 Ice-cream Freezers
15 Copying Presses	6 doz. Handsaws
20 doz. Door Knobs	10 Grindstones

10 sets Knives and Forks

Form 6: Invoice of Wilder & Chase, City, May 16. Terms: on account.

10 doz. Lanterns	10 kegs Nails
6 doz. Mortise Locks	6 doz. Planes, No. 4

Form 7: Invoice of Dunn & Sanford, City, May 20. Terms: on account.

10 doz. Railroad Picks	6 doz. Axes
6 doz. Steelyards	10 doz. Try-squares

Memoranda of Transactions for May

Directions and Suggestions. — Observe the following general directions and suggestions:

1. The same books will be used as in the preceding set.
2. As this set represents an entirely new business, new pages will be used in all the books, except the purchase book.
3. Consult your teacher about beginning the work.
4. The business practice will be nearly the same as in the preceding set. Many directions that have been given will not be repeated. If in doubt about anything, consult your teacher. **All payments are to be made by check.**

1. Begin a General Hardware Business this day, investing cash, $3000.

Receive the currency of your teacher. Enter in the cash book.

1. Deposit in Union Bank $2500.
2. Write a letter to Turner & Moss, City, ordering the goods outlined in Form 1.

Receive the invoice and make a check for the amount. Enter in the cash book, Mdse.

3. Give Asa Morris your check for $40 for the rent of the store.
4. Pay H. L. Mills's bill for office books and stationery.

Receive the bill, Form 2, and make a check for the amount. Enter in the cash book, Expense.

5. W. D. Mendon, City, has written you a letter ordering the following goods. Fill the order. Terms: cash.

4 doz. Carpenter's Chisels	1 doz. Handsaws
3 Copying Presses	5 sets Knives and Forks
4 Grindstones	2 doz. Mortise Locks

Make out a receipted invoice and receive the money. Enter in the cash book, Mdse.

6. Hall & Son have written you a letter ordering the following goods. Fill the order. Terms: on account.

3 doz. Carpenter's Chisels	6 sets Knives and Forks
1 doz. Planes, No. 4	2 Copying Presses

Make out the invoice and record it in the sales book.

7. Write a letter to Wilder & Chase, City, ordering the goods outlined in Form 3.

Enter in the purchase book.

7. Strong & Hunter, City, have written you a letter ordering the following goods. Fill the order. Terms: 3 days.

4 doz. Coal Hods	5 doz. Hammers
3 kegs Nails	3 Ice-cream Freezers
5 doz. Door Knobs	2 doz. Lanterns

9. Write a letter to Dunn & Sanford, City, ordering the goods outlined in Form 4.

10. Give Wilder & Chase your check for one-half of the invoice bought of them on the 7th. Enter the amount in the cash book.

If there is a half-cent in the division, add one cent.

It is the uniform practice throughout this book to reckon the odd cent on the first transaction.

10. Deposit all the cash on hand except $100.

10. Receive of Strong & Hunter cash for the invoice sold them on the 8th. Write a receipt and receive the money.

12. Withdraw $50 for personal use.

Write a check payable to "Self" or "Cash," get it cashed at the bank, and place it in the envelope entitled *Personal Cash.* Enter in the cash book.

13. L. P. Austin, City, has written a letter ordering the following goods. Fill the order. Terms: on account.

5 doz. Railroad Picks	5 doz. Try-squares
2 doz. Steelyards	5 doz. Hammers
6 doz. Axes	3 Ice-cream Freezers

14. Write a letter to Turner & Moss, City, ordering the goods outlined in Form 5.

15. Wilson & Barton, City, have written a letter ordering the following goods. Fill the order. Terms: 10 days.

10 doz. Door Knobs	3 Ice-cream Freezers
3 doz. Hammers	6 sets Knives and Forks
2 doz. Handsaws	4 doz. Carpenter's Chisels

16. Write a letter to Wilder & Chase, City, ordering the goods outlined in Form 6.

16. Give Wilder & Chase your check for the balance of the invoice bought of them on the 7th.

18. John Howe, City, has written a letter ordering the following goods. Fill the order. Terms: cash.

4 doz. Lanterns	5 kegs Nails
3 doz. Mortise Locks	3 doz. Planes, No. 4

19. Strong & Hunter, City, have written a letter ordering the following goods. Fill the order. Terms: on account.

6 doz. Carpenter's Chisels	8 doz. Door Knobs
4 doz. Coal Hods	4 Grindstones
5 Copying Presses	3 doz. Hammers
3 doz. Handsaws	5 sets Knives and Forks

20. Write a letter to Dunn & Sanford, City, ordering the goods outlined in Form 7.

21. Receive cash of L. P. Austin, City, to apply on the invoice of the 13th, $100.

22. John H. Sand, City, has written you a letter ordering the following goods. Fill the order. Terms: on account.

6 doz. Railroad Picks	5 kegs Nails
5 doz. Steelyards	5 Ice-cream Freezers
10 doz. Try-squares	4 doz. Lanterns
3 Grindstones	6 doz. Carpenter's Chisels

24. Receive cash of Strong & Hunter for one-half of the invoice sold them on the 19th.

24. Deposit all the cash on hand except $100.

24. Give Dunn & Sanford your check for the amount of the invoice bought of them on the 9th.

25. Receive of Wilson & Barton cash for the invoice sold them on the 15th.

26. Give Wilder & Chase your note, at 15 days, for invoice of the 16th.
After writing the note enter in the journal and hand it in.
Take the invoice to your teacher and have it receipted.
Form for receipting when paid by note: *Paid by note at 15 days.*
Wilder & Chase.

27. P. D. Anson, City, has written a letter ordering the following goods. Fill the order. Terms: 10 days.

3 doz. Coal Hods	5 Grindstones
5 Copying Presses	2 doz. Hammers
4 doz. Door Knobs	1 doz. Handsaws

28. Give Turner & Moss your check for one-half of the invoice bought of them on the 14th.

28. Receive cash of Hall & Son, to apply on the invoice sold them on the 6th, $50.

29. L. P. Austin, City, has written a letter ordering the following goods. Fill the order. Terms: 10 days.

4 sets Knives and Forks	3 doz. Mortise Locks
3 doz. Lanterns	4 kegs Nails

29. Wilson & Barton, City, have written a letter ordering the following goods. Fill the order. Terms: on account.

2 doz. Planes, No. 4	2 doz. Steelyards
4 doz. Railroad Picks	4 doz. Axes

30. Receive cash of John H. Sand on the invoice of the 22d, $200.

31. Pay clerks' salaries, $60. Make the check payable to your teacher.

31. Deposit all money on hand. Leave your pass book at the bank.
Hand all books to your teacher for correction.

INVENTORIES, MAY 31, 19—

Merchandise:

4 doz. Carpenter's Chisels	2 doz. Lanterns
7 doz. Coal Hods	2 doz. Mortise Locks
6 Copying Presses	3 kegs Nails
5 doz. Door Knobs	3 doz. Planes
4 Grindstones	5 doz. Railroad Picks
3 doz. Hammers	3 doz. Steelyards
2 doz. Handsaws	8 doz. Steel Axes
2 Ice-cream Freezers	15 doz. Try-squares

4 sets Knives and Forks

Expense:

Office Books and Stationery	$12

Closing the Work for May

Follow the preceding directions for closing all books.

Posting. — In posting observe the following:

1. Open new accounts for all work in May.
2. Space in the ledger, the same as in March.
3. All items are to be posted in the same way as in the preceding set.

Trial Balance and Statements. — After posting proceed as follows:

1. Make a trial balance.
2. Make the two statements.
3. Have the above corrected by your teacher.

Closing the Ledger. — Proceed to close the ledger as follows:

1. Merchandise. (Use inventory.)
2. Expense. (Use inventory.)
3. Loss and Gain. (Net gain.)
4. Student's account. (Present worth.)

Do not close any of the other accounts.

Hand all books to your teacher for inspection. Is this the best work you have done thus far?

REVIEW EXERCISES

Turn to Set I, January. This work was all placed in the journal; the student will now enter all *cash* items for the month in the cash book, using a part of a journal sheet for a cash book. This work is to be done without any help from the teacher, and the balance to be entered and the cash book properly closed. Hand the completed cash book to your teacher for inspection.

Use the month of February, Set II, for a cash-book exercise, on the same plan as given above for Set I. After all the cash items have been recorded, enter the balance, close the cash book and hand it to your teacher for inspection.

To the Teacher. — If the above exercises are properly done, the student has a good idea of the use and form of an ordinary cash book. If the work is not well done, he should be given review exercises until he can do satisfactory work.

REVIEW QUESTIONS

1. What is meant by *closing* an account? 2. How do you close a personal account when there is but one item? 3. How do you close a personal account when there is one debit and one credit, and the account balances? 4. How do you close a personal account when there are several debits and several credits, and the account balances? 5. Why is *paging*, in posting, so important? 6. What is a check?

a note? 7. What are the differences between a check and a note? 8. Who are the parties to a check? to a note? 9. What is an indorsement and how is it made? 10. What is the maturity of a note and how is it determined? 11. What is it to discount a note? 12. What is a book of original entry? 13. What is the object of using a cash book? 14. How do you *prove* cash? 15. What does the left side of a cash book show? 16. What does the right side of a cash book show? 17. Explain the posting of a cash book. 18. What is the object in using a sales book? 19. How is a sales book posted? 20. What is the object in using a purchase book? 21. How is the purchase book posted? 22. Why should there be no erasures on a check or a note? 23. What are the uses of a check book? 24. How is a check book proved? 25. What is a pass book? 26. By whom are all entries in a pass book made? 27. How is a check or note canceled? 28. Of what value is a canceled check or note? 29. Why is it not necessary to take a receipt when a check is given in payment? 30. Define the following: invoice; charge; net proceeds; on account. 31. How should errors in posting be corrected? (Teacher explain.) 32. How do you find an error in a trial balance? 33. What does a balance sheet show? 34. What is a statement? 35. If you were keeping a set of books and came to a transaction that you did not understand, what would you do?

SET IV — MAY AND JUNE

WORK FOR JUNE

Business Forms for June

The student will write all the following forms before beginning the work for June.

Form 8: Invoice of Wilder & Chase, City, June 3. Terms: 10 days.

6 doz. Carpenter's Chisels
10 doz. Door Knobs
5 doz. Hammers
6 doz. Handsaws
6 Grindstones

Form 9: Invoice of Dunn & Sanford, City, June 5. Terms: on account.

6 Ice-cream Freezers
12 sets Knives and Forks
10 doz. Lanterns
10 doz. Mortise Locks
20 kegs Nails
6 doz. Planes, No. 4

Form 10: Write a note, in your favor, for $100 at 10 days, dated June 6, with interest at 6%. Sign as follows: P. D. Anson.

Form 11: Bill of H. L. Mills, City, June 9. Terms: cash.

Office Stationery $6.75

Form 12: Invoice of Turner & Moss, City, June 12. Terms: one-half cash, one-half in 30 days.

10 doz. Carpenter's Chisels
5 doz. Coal Hods
6 Copying Presses
6 Grindstones
6 doz. Hammers
5 doz. Handsaws
6 doz. Door Knobs

Form 13: Invoice of Wilder & Chase, City, June 15. Terms: one-half cash, one-half in 30 days.

6 Ice-cream Freezers
10 sets Knives and Forks
6 doz. Lanterns
12 doz. Mortise Locks
20 kegs Nails
5 doz. Planes, No. 4

Form 14: Invoice of Turner & Moss, City, June 21. Terms: one-half cash, one-half in 10 days.

12 doz. Railroad Picks
8 doz. Steelyards
6 doz. Axes
10 doz. Try-squares

Memoranda of Transactions for June

Directions and Suggestions. — Observe the following directions and suggestions:

1. The memoranda are a continuation of the work in May.
2. The same books, price list, etc., should be used.
3. Begin a new page in both the sales book and journal.
4. Bring down the balance in the May cash book and continue the June work on the same page.
5. Call for your pass book.
6. Compare your pass book with your check book.

1. Give Asa Morris your check for $40 for rent of the store.

2. Hall & Son pay the balance on the invoice of May 6 in cash.

2. Give Turner & Moss your note at 15 days for the balance of the invoice of May 14.

Write the note and have it corrected by your teacher.

3. Write a letter to Wilder & Chase, City, ordering the goods outlined in Form 8.

4. Hall & Son, City, have written a letter ordering the following goods. Fill the order. Terms: 30 days.

4 doz. Coal Hods	3 doz. Carpenter's Chisels
2 Copying Presses	3 doz. Hammers
3 doz. Handsaws	5 doz. Try-squares

5. Write a letter to Dunn & Sanford, City, ordering the goods outlined in Form 9.

5. Arnold & Davis, City, have written a letter ordering the following goods. Fill the order. Terms: one-half cash, balance in 15 days.

3 Ice-cream Freezers	5 doz. Lanterns
3 doz. Try-squares	6 doz. Mortise Locks
8 sets Knives and Forks	2 doz. Planes, No. 4

Make out the invoice and record the entire amount in the sales book.

Hand in the invoice and receive one-half in cash. Record the cash received in the cash book, under the name of Arnold & Davis, and give a receipt.

6. Receive cash of L. P. Austin for balance of the invoice of May 13.

6. P. D. Anson gives you his note at 10 days, with interest at 6%, for $100, to apply on the invoice sold him on May 27, Form 10.

Receive the note and enter it in your journal.

6. Receive cash of Strong & Hunter for the balance of the invoice of May 19.

Refer to the cash book to learn how much was paid on the invoice.

6. Deposit cash, $300.

8. Receive cash of L. P. Austin for the invoice of May 29.

9. Give Dunn & Sanford your check for the invoice of May 20.

9. Pay bill of H. L. Mills for office stationery by check, Form 11.

10. Your note in favor of Wilder & Chase is due to-day. Give them your check for the face of the note.

For the amount, refer to the journal entry of May 26.

11. Strong & Hunter, City, have written a letter ordering the following goods. Fill the order. Terms: 15 days.

5 doz. Door Knobs	2 doz. Handsaws
3 Grindstones	6 kegs Nails
2 doz. Hammers	4 doz. Try-squares

12. Write a letter to Turner & Moss, City, ordering the goods outlined in Form 12.

Record in the purchase book and give your check for one-half the amount of the invoice.

13. Give Wilder & Chase your check for the amount of the invoice of the 3d.

14. Withdraw $75 for personal use.

Follow the preceding directions when a withdrawal was made by check, May 12.

14. L. P. Austin, City, has written a letter ordering the following goods. Fill the order. Terms: one-half cash, one-half in 30 days.

4 doz. Carpenter's Chisels	2 Grindstones
3 Copying Presses	3 doz. Hammers
3 doz. Door Knobs	3 doz. Handsaws

Enter the whole amount in the sales book. Receive the cash for one-half, and give a receipt.

15. Write a letter to Wilder & Chase, City, ordering the goods outlined in Form 13.

16. P. D. Anson pays his note and interest, due to-day. Present the note and receive the money.

Remember to make two entries in the cash book.

17. Your note, in favor of Turner & Moss, is due to-day. Pay the same by check. Receive the note when you hand in the check.

18. Take from the business, for personal use, the following:

1 Ice-cream Freezer — 1 set Knives and Forks
1 Copying Press

Enter in the sales book, using *cost prices.*

18. Deposit all the cash on hand except $50.

19. V. M. Furnham, City, has written a letter ordering the following goods. Fill the order. Terms: cash.

6 kegs Nails — 2 doz. Railroad Picks

Make out the invoice and receipt it. Receive the money.

20. Receive cash of Arnold & Davis for the balance of the invoice of the 5th.

21. Write a letter to Turner & Moss, City, ordering the goods outlined in Form 14.

22. Wilson & Barton, City, have written a letter ordering the following goods. Fill the order. Terms: one-half cash, balance in 10 days.

5 doz. Carpenter's Chisels	5 Grindstones
3 doz. Coal Hods	3 doz. Hammers
4 doz. Door Knobs	2 doz. Handsaws

Follow directions for transaction, June 14.

22. Deposit all the cash on hand except $25.

23. Give Dunn & Sanford, City, your note at 10 days, with interest, for $200 and your check for the balance of the invoice received of them on the 5th.

Write the note and enter in the journal. Enter the amount of the check in the cash book. Consult your teacher.

24. John H. Sand, City, has written a letter ordering the following goods. Fill the order. Terms: one-half cash, one-half in 10 days.

6 Ice-cream Freezers	6 doz. Mortise Locks
8 sets Knives and Forks	10 kegs Nails
5 doz. Lanterns	3 doz. Planes, No. 4

Be careful to make the two entries.

25. P. D. Anson, City, has written a letter ordering the following goods. Fill the order. Terms: cash, $100, balance in 10 days.

5 doz. Railroad Picks	4 doz. Axes
5 doz. Steelyards	3 doz. Try-squares

26. Receive cash of Strong & Hunter for the invoice of the 11th.

27. Strong & Hunter, City, have written a letter ordering the following goods. Fill the order. Terms: 10 days.

3 doz. Railroad Picks	4 doz. Try-squares
10 kegs Nails	2 doz. Axes

28. Henry Zaner, City, has written a letter ordering the following goods. Fill the order. Terms: cash.

6 kegs Nails

29. Hall & Son, City, have written a letter ordering the following goods. Fill the order. Terms: on account.

2 Copying Presses	3 Ice-cream Freezers
3 Grindstones	2 doz. Handsaws

30. Pay clerks' salaries for the month, $60, by check. Make the check payable to your teacher.

30. Deposit all currency on hand and leave your pass book at the bank. Have all the work for the month corrected by your teacher.

INVENTORIES, JUNE 30, 19—

Merchandise:

8 doz. Carpenter's Chisels	8 doz. Lanterns
5 doz. Coal Hods	12 doz. Mortise Locks
4 Copying Presses	5 kegs Nails
9 doz. Door Knobs	9 doz. Planes
3 Grindstones	7 doz. Railroad Picks
3 doz. Hammers	6 doz. Steelyards
1 doz. Handsaws	8 doz. Axes
1 Ice-cream Freezer	6 doz. Try-squares

9 sets Knives and Forks

Expense:

Office Books and Stationery	$12.50

CLOSING THE WORK FOR JUNE

May and June constitute one set of books; therefore the work for June will be posted to the same accounts as for May.

For closing the books, posting, making a trial balance and statements, etc., follow the directions given for April.

After closing the Loss and Gain account and showing the student's present worth, all the remaining accounts may be closed.

NOTE. — After closing all the work for June give your teacher a check for the amount of your bank balance, and hand in all your books.

A General Review Exercise

Directions and Suggestions. — In this exercise observe the following directions:

1. Use manuscript cash book, sales book, purchase book.
2. As total amounts are given, the records in the sales book and purchase book will be simply the names and the amounts.
3. Use the current month for dates.
4. After entering the transactions in the different books, post them to the ledger; make a trial balance and balance sheet and the statements.
5. Close the ledger, and hand all work to your teacher.

Memoranda of Transactions

1. Begin the Provision Business this day, investing cash, $2000.
2. Buy of Henry Wilson on account merchandise amounting to $310.
3. Sell to J. Mitchell for cash merchandise amounting to $36.
4. Sell David Bell on account merchandise amounting to $127.
5. Buy of John Williams merchandise amounting to $865.45. Pay cash, $500, balance on account.
6. Pay cash for books and stationery, $8.75.
7. Pay Henry Wilson cash for one-half the invoice of the 2d.
8. Sell J. D. Sampson on account merchandise amounting to $450.
9. Receive cash of David Bell for invoice sold him on the 4th.
10. Sell J. Mitchell merchandise amounting to $235. Receive cash, $100, balance on account.
11. Buy of Amos Hines merchandise amounting to $675, on account.
12. Give Henry Wilson your check for balance on invoice of the 2d.
13. Sell Richard Esten on account merchandise amounting to $315.
14. Pay clerk's salary in cash, $25.
15. Receive cash of J. D. Sampson, on invoice of the 8th, $300.
16. Give Amos Hines your check for one-half the invoice of the 11th.

To the Teacher. — The merchandise inventory is to be given by you. Give each student a different amount. Use any number between $517 and $938. Observe the work of each student very carefully and give much drill upon the weak portions of work.

PART II — INTERMEDIATE WORK

DRAFTS

A **Draft** is a written order by which one party directs another to pay a certain sum, named therein, at a specified time, to the order of a third party or to the bearer.

Purpose. — The main purpose of drafts is to aid in the collection and payment of debts and to provide a means to avoid the inconvenience, expense, risk, and delay necessarily incident to sending real money — gold, silver, etc. — from one place to another.

Parties. — The original parties to a draft are:

1. Drawer.
2. Drawee.
3. Payee.

The **Drawer** is the one who draws or writes the order.

The **Drawee** is the one on whom the order is drawn.

The **Payee** is the one to whom the order is made payable.

Kinds. — The kinds of drafts with which the average business man has to do are:

1. Sight { *a.* Personal. *b.* Bank.
2. Time { *a.* After date. *b.* After sight.

Definition of Sight Draft. — A sight draft is an order payable upon presentation.

Ordinary Check and Sight Draft Similar. — You have already become familiar with a class of orders which closely resembles sight drafts; namely, checks. Your check is simply an order on a bank to pay a certain sum out of your deposit, usually to some person or order. You are the **Drawer**; your bank, the **Drawee**; and the person to whom the check is made payable, the **Payee**. Thus it will be seen that a check closely resembles a sight draft. Indeed it is so nearly like a sight draft in every particular that in some states when it is not paid the same steps must be taken to preserve the liability of the parties as are taken in the case of a bill of exchange or draft.

As will be shown in subsequent exercises, a bank draft is nothing more than a check of one banking house upon another banking house to pay a certain sum to some third person or to his order.

QUESTIONS FOR DISCUSSION

1. (*a*) Who is the drawer of the model check, page 42? (*b*) the drawee? (*c*) the payee? 2. Give the drawer's entry when he gave the check to the payee to apply on account. 3. Give the payee's entry when he received the check on account. 4. Give the bank's entry when it pays the check. 5. Write a check: drawer, yourself; drawee, Alliance National Bank; payee, John O. Newman.

Sight Draft

$500.00 Boston, Mass. May 2, 19—

At sight Pay to the order of

C. W. Gray

Five Hundred 00/100 Dollars

Value received and charge to account of

To F. C. Gorham,

No. 12 Due Springfield Mass. Mason & Young

Explanation. — In the above draft it is presumed that:

1. Mason & Young, Boston, Mass., owe C. W. Gray, Springfield, Mass., and wish to pay him something on account.

2. F. C. Gorham, Springfield, Mass., owes Mason & Young.

3. The order has been made and sent to C. W. Gray, after F. C. Gorham has given his consent to having it drawn as above.

NOTE. — While not bound to do so, the drawer usually notifies the drawee before making a draft. Sometimes by the terms of sale a creditor has a right to draw upon his debtor at sight, or a certain number of days from the date of the sale, for the whole or a part of any invoice.

Residence of Drawee and Payee. — While the drawee and payee frequently reside in the same place, it is not necessary that they should. If, in the above draft, Gray resided at Providence and Gorham at Springfield, Gray could leave the draft with his bankers in Providence for collection. His bankers would send it to some bank in Springfield for collection and make the proper entries when they learn that it is paid or dishonored.

If the draft was paid or dishonored, proper notice would be given by the Springfield banker to the Providence banker, who in turn would notify Gray of the fate of the draft.

Summary of Relation of Parties to Drafts. — The parties to a draft usually bear the following relation to each other:

1. Drawee generally owes the drawer.
2. Drawer generally owes the payee.
3. Payee and drawee bear no relation to each other.

Analysis of Drawers' Entry. — Mason & Young will mail the foregoing draft to C. W. Gray and make the proper journal entry. Let us see what the entry should be.

1. Mason & Young have given C. W. Gray an order equivalent to $500 cash when presented to Gorham. They should therefore debit C. W. Gray.

2. When F. C. Gorham pays the sight draft he has got out of Mason & Young's debt $500. He will give the money to Gray, but for the account of Mason & Young. Mason & Young should therefore credit F. C. Gorham.

The full entry with the proper explanation would be made in the journal as follows:

Mason & Young's Journal

C. W. Gray	Drew a sight draft	500	
To F. C. Gorham	on F. C. G. and remitted it to C. W. Gray		500
	on acct.		

Analysis of Payee's Entry. — Since the draft is payable at sight, immediately upon its receipt C. W. Gray will take it to F. C. Gorham or place it in a bank as a deposit. In either case Gray will get $500.

Gray records all cash items in the cash book.

1. In the above transaction he has received cash. He should therefore debit Cash.

2. The cash received has come from Mason & Young, through Gorham. If it were not for Mason & Young's order, Gray could not get the $500 from Gorham. Gray should therefore credit Mason & Young.

The entry would appear on the left-hand side of the cash book as follows:

Gray's Cash Book

May	4		Mason & Young		Sight draft on acct		500	

Analysis of Drawee's Entry. — When Gorham sees the draft he will pay it.

He records all of his cash transactions in the cash book.

1. He has given Gray $500, and in so doing has paid one of Mason & Young's debts. He has got out of Mason & Young's debt and should therefore debit them.

2. He has paid out money and should therefore credit Cash.

The entry would appear on the right-hand side of the cash book as follows:

Gorham's Cash Book

May	4		Mason & Young		Pd their sight draft		500	

Another Use of the Sight Draft. — Business men frequently employ the sight draft as an aid in the collection of accounts that are past due. For example, suppose Edgar McMickle, Paterson, N.J., owes Wilbert, Closs & Co., Springfield, Mass., $260.50. This account is over sixty days past due, and Wilbert, Closs & Co. want the money. They write McMickle calling attention to the overdue balance and asking for permission to draw on him at sight. McMickle instructs them to draw on him as proposed. A sight draft is therefore drawn. The following is the usual form for such a draft:

$260.50 Springfield Mass. July 3. 19

At sight Pay to the order of

Ourselves

Two Hundred Sixty 50/100 Dollars

Value received and charge to account of

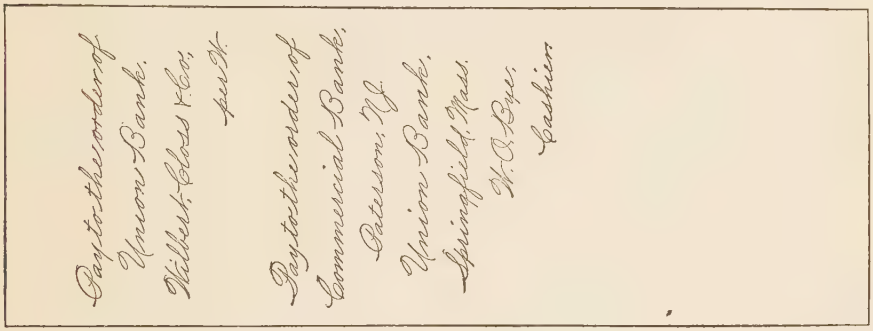
To Edgar McMickle

No. 130 Due Paterson N.J.

Wilbert, Closs & Co.

Wilbert, Closs & Co. indorse the draft and deposit it with their Springfield bankers. The Springfield bankers indorse it again and forward and charge it to a bank in Paterson with which they are in the habit of doing business. The Paterson bank presents the draft to McMickle and he pays it. The Paterson bank then places the amount to the credit of the Springfield bank or remits it by New York draft.

The following are the indorsements that would appear on the back of this draft:



Note. — The blank indorsement is used but little in business. Careful business men prefer the straight form for full indorsement for all negotiable paper left with a bank.

The indorsements "For deposit, Baker & Co.," "For deposit to the credit of Jarvis, Cooper & Co.," "Pay to the order of Alliance Bank for our collection and credit, Morgan, Wright & Co.," and all other forms of restrictive indorsements are no longer considered good form. Indeed in cities where clearing houses insist that all restrictive indorsements shall be guaranteed, banks are loath to take paper indorsed in a manner that must have their guarantee upon it before collection can be effected.

Necessary Entries for the Second Sight Draft. — There are but two entries necessary for the second sight draft, as the drawer is also the payee. When Wilbert, Closs & Co. draw the draft and deposit it in their bank they will make an entry on the left side of the cash book, debiting Cash and crediting McMickle, as follows:

Wilbert, Closs & Co.'s Cash Book

July	3	Edgar McMickle	Deposited sight draft	260	50

Note. — Should the bank make a charge for collecting the draft, the amount of such charge would appear on the right-hand side of Wilbert, Closs & Co.'s cash book.

When Edgar McMickle pays the draft he will debit Wilbert, Closs & Co. on the right-hand side of the cash book, as follows:

McMickle's Cash Book

July	5	Wilbert, Closs & Co.		Dft their sight dft			260	50	

NOTE. — Edgar McMickle had given Wilbert, Closs & Co. permission to draw on him as above and the Springfield bank accepted the draft as a deposit. Sometimes these drafts are drawn without being prearranged for; in that case the drawers are uncertain as to whether the paper will be honored or not, and the bank does not receive it as a deposit, but simply for collection.

When a sight draft is drawn, and it is not known whether it will be honored or not, as a rule no entry is made. If it is paid upon presentation, the entries would be the same as for the above draft.

RULES FOR SIGHT DRAFTS

1. **Drawer's Entry** when a sight draft with three distinct parties is drawn:

Payee
To Drawee

2. **Drawer's Entry** when he draws a sight draft on a second party in favor of himself and deposits it:

Cash
To Drawee

3. **Payee's Entry** when he receives a sight draft, which he knows to be good, on account:

Cash
To Drawer

4. **Drawee's Entry** when he pays a sight draft:

Drawer
To Cash

EXAMPLES FOR WRITTEN PRACTICE

Take some foolscap paper and write the drafts and the entries called for in the following transactions:

1. You owe Ralph M. Williams $400 on account, and July 2 draw a sight draft on J. B. Kelly & Co., Providence, R.I., in favor of Williams, for the amount.

Make your journal entry, including the necessary explanation.

2. On June 25 you bought a bill of merchandise of Geo. W. Munson & Co., Rochester, N.Y., amounting to $500.60, subject to a sight draft in 10 days. On July 7 L. W. Anderson of your city presents a sight draft, dated July 5, drawn on you, in his favor, by Geo. W. Munson & Co., for the above amount. You pay the draft by a check on Union Bank.

a. Write the draft.
b. Write your check.
c. Make the necessary journal and cash-book entries for all three parties to the draft, and give full explanations.

3. July 9 you draw a sight draft on Ellis B. Peterson, in favor of yourself, for the invoice of June 2, $210.90. You then deposit the draft in your bank.

a. Write the draft.
b. Show the necessary indorsement.
c. Make your cash-book entry.

NOTE. — Banks will usually accept sight drafts for deposit, the same as checks, when they are requested to do so by responsible parties. If such drafts are not paid promptly, a counter entry is made, charging them back to the account of the depositor.

When one is in doubt as to the fate of any sight paper it is much better simply to place it with a bank for collection.

EXAMPLES FOR ORAL DRILL

1. Wm. J. Kelly, Charlestown, Mass., owes A. B. Nicholson, Baltimore, Md., $500. Paul Traver of Baltimore owes Wm. J. Kelly the same amount.

a. What may Kelly do to serve his convenience in paying Nicholson and save Traver the trouble of sending money from Baltimore to Charlestown?
b. Are transactions like the above very frequent in business?

2. You draw a sight draft on F. E. Rogers, in favor of W. B. Moore, and send it to the latter to apply on account.

a. Give your journal entry.
b. Fully analyze the entry.
c. Under ordinary circumstances would W. B. Moore receive your sight draft on a responsible party as readily as he would your check? Why?
d. State clearly the difference between a check and a sight draft.

3. Pay by check Wilson Snushall's sight draft on you, in favor of Seth K. Manning.

a. Name the drawer in the above draft; the drawee; the payee.
b. State the drawer's entry; the drawee's; the payee's.
c. Analyze the drawer's entry; the drawee's; the payee's.
d. Name the parties to the check.

4. You draw a sight draft on Alfred Peet & Son, New York City, in favor of yourself, and deposit it in your bank.

a. What must you do before your bank will accept the paper?
b. Explain how your bank will collect the draft.
c. When do banks accept sight drafts for deposit.

5. You receive of James B. Kelsey, to apply on account, his sight draft on Thomas Quinn of your place.

a. Give the drawer's entry.
b. If Quinn did not live in the same place with you, how would you proceed to collect the above draft?

QUESTIONS ON SIGHT DRAFTS

1. Define draft. 2. State the purpose of drafts. 3. What names are given to the parties to a draft? 4. Give the kinds of drafts in common use. 5. Define and differentiate check and sight draft. 6. What is the drawer's entry when a sight draft having three parties is drawn? 7. What is the payee's entry for a sight draft received? 8. What is the drawee's entry for a sight draft paid? 9. Do all drafts have three distinct parties? Explain. 10. What is the drawer's entry for a sight draft drawn upon a second party in his own favor?

Bank Drafts. — A very convenient as well as common way of making remittances is by means of bank drafts.

A **Bank Draft** is simply an order or check of one banking institution upon another for the payment of money. In buying goods of a firm that does not know your financial standing, or in making a remittance to a stranger in some distant city, the bank draft should always be sent in preference to the check. Even where it is known that a check is good for the amount named therein all business houses prefer the draft, since banks and clearing houses charge exchange on checks on banks outside of New York City and a few other desirable commercial centers.

Illustration of the Use of a Bank Draft. — C. C. Canan, Boston, Mass., wishes to buy a bill of goods amounting to $400.60 of Jordan, Marsh & Co., Chicago, Ill. It would be unwise for him to send his individual check to cover the amount if his financial standing is unknown to

Jordan, Marsh & Co., since all individual checks are dependent for their value upon the integrity and financial ability of the persons drawing them. Jordan, Marsh & Co. probably would not send the goods until they had satisfied themselves that the check received was good for the amount named therein. In most cases this would cause delay and annoyance. The bank draft would be more desirable in such cases since it passes current for cash in the ordinary transactions of business.

This draft can be bought of almost any bank. Nearly all banks keep a deposit with one or more banks located at the various financial centers of the country, upon which they draw drafts for the convenience of their patrons. All of the leading banks of the country usually keep a deposit in one or more banks in New York City, as that city is the commercial center of the United States. Remittances to these New York banks are generally made up of items received from day to day from patrons on banks in New York City and adjacent towns. Thus banks are anxious to come into possession of New York drafts, and they generally cash them without any charge whatever. For like reasons banks are generally willing to cash all bank drafts on leading commercial centers. New England banks are generally anxious to buy Boston exchanges, since all banks in that section of the country keep a deposit with one or more Boston banks. For the same reasons drafts on banks in New Orleans are generally very desirable in banks in the Gulf States, drafts on Chicago in the Middle West, and drafts on San Francisco on the Pacific coast.

Bank drafts may be bought for cash, but the usual way of buying them is by personal check. The following is the approved form for such a check:

Check to pay for Bank Draft

Boston, Mass., July 16, 19— No. 365

Traders National Bank

Pay to the order of N. Y. Draft (400) Exch. (50) $401.00

Four Hundred One 00/100 Dollars

C. C. Canan.

Banks sometimes charge a small fee, called **Exchange**, for selling drafts. They are not uniform in these charges however. Many banks rarely make any charge to customers who do a regular business with them.

In these exercises the principle of exchange is illustrated.

For the foregoing check Traders National Bank would issue the following draft:

Bank Draft

Boston, Mass., July 16, 19— No. 920

Traders National Bank

Pay to the order of C. C. Canan — $400.60

Four Hundred 60/100 — Dollars

To Chemical National Bank, New York

W. T. Hinman, Cashier

Analysis of Entries. — For the goods bought, C. C. Canan will probably make an entry in his invoice book. This will debit Merchandise and credit Jordan, Marsh & Co. When the draft is sent, C. C. Canan will debit Expense for the 50¢ exchange, and Jordan, Marsh & Co. for $400.60, the amount of the draft remitted.

NOTE. — Some business houses prefer to open an account with Exchange, or Collection and Exchange, for the bank charges for the above draft and similar fees charged by banks for collecting out-of-town paper, etc. When these items are of frequent occurrence the opening of this extra account is recommended.

The above entries would appear on the right side of Canan's cash book as follows:

July	17	Jordan, Marsh & Co.	Dft. for Inv. Mdse.	400	60	
		Expense	Exchange on above		50	

When Jordan, Marsh & Co. fill C. C. Canan's order they will probably enter the record in their sales book. For the draft received they will credit C. C. Canan on the left side of their cash book, as follows:

July	17	C. C. Canan	Dft. for inv. this da.	400	60	

These drafts are sometimes written payable to the one to whom they are to be sent. The better way, however, is to have them written payable to the remitter, who will indorse them over in full to the one to whom they are to be sent.

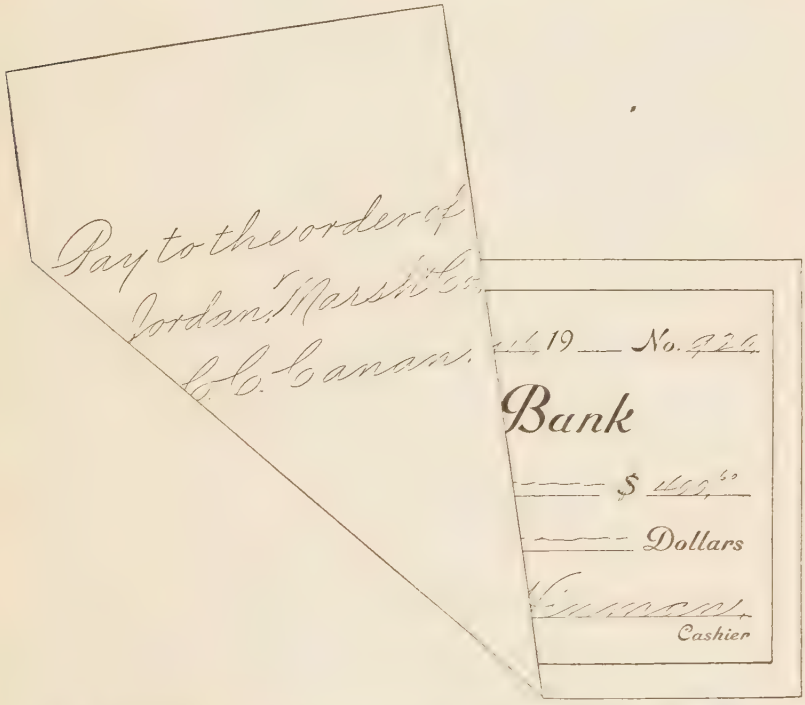
The advantages claimed for this last form are:

1. If the draft is drawn payable to the remitter, an indorsement in full will indicate by whom it was sent, and thus serve the purpose of a receipt.

2. It is more convenient for a bookkeeper to make proper credits if he receives drafts drawn payable to the remitter.

3. If a number of drafts were received in one mail and by some accident became mixed, the draft on its face indicates the name of the remitter, and there is less liability to error in making the proper entries.

The following shows the foregoing draft properly indorsed:



Jordan, Marsh & Co. will deposit the draft with their bank in Chicago as cash. This bank will forward the draft to its New York correspondent, it will be presented to the Chemical National Bank of that city, and that bank will pay it and charge it to the Traders National Bank of Boston, Mass.

When the Traders National Bank of Boston, Mass., receives C. C. Canan's check for $401.10 they will charge the amount to his account and credit the Chemical National Bank of New York for $400.60, the amount of the draft drawn, and Exchange for 50¢, the amount charged for the draft.

The last two entries would be on bank books with which the student is not now familiar, and it is thought best not to give any illustrations for these records.

Bank drafts are usually taken from a bound book resembling the regular check book. When a draft is sold a stub similar to the check stub is filled out, and later posted to the proper register.

EXAMPLES FOR WRITTEN PRACTICE

1. You wish to remit Curtice Bros. & Co., Rochester, N.Y., a New York draft for $48.92. You write your check on the First National Bank of your place for the amount, including 15¢ exchange on the draft, and that bank gives you a draft payable to your order on the National Bank of Redemption, New York.

a. Write your check.
b. Write the New York draft.
c. Show the indorsement for the draft before mailing.
d. Make your cash-book entry.

2. You have received of John O. Marvin & Co. a draft for $164.38 drawn by the Keystone National Bank of Pittsburg, Pa., on the Ninth National Bank of Philadelphia, Pa. Draft is drawn in favor of John O. Marvin & Co. and indorsed in full by them to you.

a. Write the draft.
b. Make your cash-book entry.
c. Show the indorsement.

EXAMPLES FOR ORAL DRILL

1. Received from Henry Belmont a bank draft drawn by the Commercial Bank of Rochester, N.Y., on the Fourth National Bank of New York for the amount of the invoice of Jan. 25, $4892.

a. Fully analyze your entry for the draft.
b. Assuming that Belmont bought the draft by check, paying $2.25 exchange, analyze his entry at the time of sending you the draft.

2. Buy by check a bank draft and send it to L. L. Williams in full for your note of Jan. 2, $250. Exchange, 50¢.

a. Analyze your entry on remitting the draft.
b. Analyze Williams's entry on receiving the draft.
c. In whose favor should the draft be drawn? Why?

3. Buy a New York draft for $50 in favor of yourself, indorse it over to The Jones Mfg. Co., and mail it to them for a set of books, ordered to-day, to be used in your office.

a. State your entry.
b. Why was the draft drawn in your favor?
c. Would it be safe to mail the draft with merely a blank indorsement on the back? Why?

QUESTIONS ON BANK DRAFTS

1. What is a bank draft, and how does it differ from an ordinary check? 2. Clearly explain the use of bank drafts. 3. In whose favor is it best to order a bank draft drawn? Why? 4. How should a bank draft always be indorsed before mailing? Why? 5. Give an example where a blank indorsement would be as good as a full indorsement. 6. In whose favor should a check to buy a bank draft be drawn? Why? 7. Explain how a bank draft drawn in favor of yourself and indorsed in full to the party to whom you wish to remit it may serve the purpose of a receipt. 8. Are all bank drafts bought by check? 9. If you were a stranger and went into a bank with sufficient money to purchase a bank draft, would the bank issue you the draft without identification? Why?

Time Drafts. — Time drafts are of two kinds; namely, those payable a certain time after date and those payable a certain time after sight, that is, a certain time after being presented for payment.

Draft Payable after Date

$320.44 Boston, Mass., July 6, 19—

Thirty days after date Pay to the order of

William M. McKay

Three Hundred Twenty 44/100 Dollars

Value received and charge to account of

To E. K. Masten,

No. 12 Due New York

Fred'k. Osgood & Co.

per W.

An **Acceptance** is a time draft which has been accepted. The foregoing form is an **Acceptance**, and it passes in business as a promissory note.

Without the writing across the face the foregoing draft was simply an order to pay money, and was not binding upon the drawee.

Method of Procedure in handling Time Drafts. — The drawer writes the draft and mails it to payee, who should present it to the drawee for acceptance. In the foregoing draft the date of maturity was not determined by the acceptance of E. W. Masten, and it was not absolutely necessary for William M. McKay to present the bill until it was due, and then only for payment; but since until the draft is accepted there is no promise on the part of Masten to pay it, it would be unbusiness-like on the part of McKay not to present the draft for acceptance within a reasonable time after it was received.

When the foregoing draft is presented, Masten is not bound to accept it. However, if he does accept it, he becomes the **acceptor** and is held for its payment in the same way that he would be held if he had written his promissory note for the amount.

Manner of accepting. — If the drawee is willing to meet a draft on him according to the conditions named therein, he writes the word *Accepted* and signs his name. This is generally done in red ink across the face of the draft, though the color of the ink has no particular significance.

In those states that allow days of grace on sight drafts it is necessary to have them accepted the same as time drafts payable after sight, unless they are paid upon presentation.

Analysis of Entries of Parties to a Time Draft. — Compare the foregoing draft with the sight draft explained on page 80. The relation of the parties is identically the same. Osgood & Co. owe McKay, and Masten owes Osgood & Co. It is expected that Masten will accept the draft when it is presented to him by McKay.

Drawers' entry:

1. F. V. Osgood & Co. have given William M. McKay value in the form of what, when accepted by E. W. Masten, is the same as bills receivable. Therefore they should debit McKay.

2. When Masten accepts the draft he binds himself to pay one of Osgood & Co.'s debts. He is expected to honor the draft, and Osgood & Co. should therefore credit him, because by accepting the draft he will have got out of their debt to the amount of $320.64.

F. V. Osgood & Co.'s Journal Entry

Wm. M. McKay To E. W. Masten	Drew a 30-da. draft on E. W. Masten, and remitted it to W. M. McK. on acct.	320	64	320	64

Payee's entry:

1. The payee, William McKay, instead of receiving cash, as in the case of the sight draft, has simply received E. W. Masten's written promise to pay. We have already learned that other people's written promises are debited to Bills Receivable when received.

2. Now, as in the case of the sight draft, F. V. Osgood & Co. are responsible for McKay's getting the draft, and he should credit them.

William M. McKay's Journal Entry

Bills Rec. To F. V. Osgood & Co.	Rec'd their draft on E. W. Masten, which has this day been accepted	320	64	320	64

Drawee's entry:

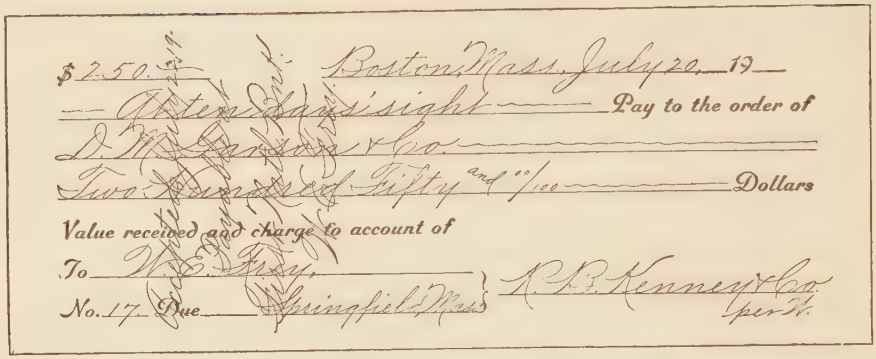
1. When E. W. Masten has accepted the foregoing draft he has given the equivalent of his promissory note, and we have already learned that when one issues his promissory note he credits Bills Payable.

2. Now it is for F. V. Osgood & Co. that Masten has promised to be bound by this draft; therefore he should debit them.

E. W. Masten's Journal Entry

F. V. Osgood & Co. To Bills Pay.	Accepted their 30-da. draft, favor Wm. M. McKay	320	64	320	64

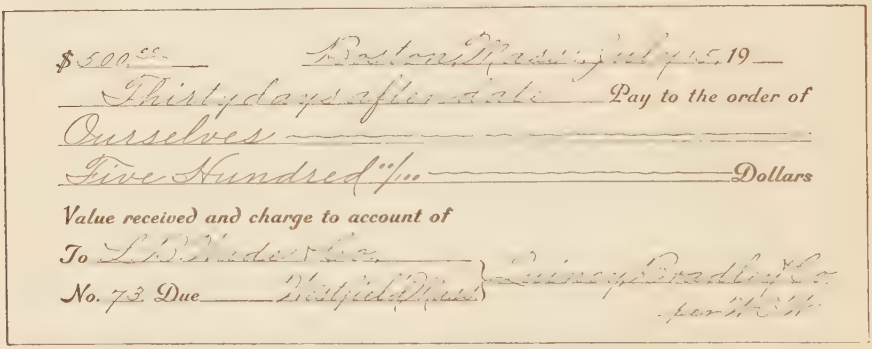
Draft Payable after Sight


$250.00 Boston, Mass. July 20 19—
— Ten days' sight — Pay to the order of
D. M. Carson & Co.
Two Hundred Fifty and 00/100 — Dollars
Value received and charge to account of
To W. E. Gray.
No. 17 Due Springfield, Mass.
L. B. Kenney & Co.
per H.

The above draft is the same in every particular as the draft drawn payable *after date* except as to the manner of acceptance. In an order payable *after sight* it is necessary to date the acceptance in order to fix the date of maturity.

Another Use of Time Drafts. — The ordinary time draft is sometimes used in connection with sales of merchandise. For instance, Quincy, Bradley & Co. sell L. B. Wade & Co. a bill of merchandise amounting to $1305 on the following terms: 30-day draft for $500, balance in 60 days.

A draft similar to the following would accompany the bill:


$500.00 Boston, Mass. July 25 19—
Thirty days after date Pay to the order of
Ourselves
Five Hundred 00/100 Dollars
Value received and charge to account of
To L. B. Wade & Co.
No. 72 Due Westfield, Mass.
Quincy, Bradley & Co.
per H. H.

The object of drawing a time draft in connection with a sale of merchandise is twofold.

1. When accepted, the draft serves as a written contract.

2. Since an acceptance is negotiable it may be discounted and cash may be realized upon it before maturity.

Necessary Entries for Second Time Draft. — The sale will be recorded in the sales book in the regular way. No entry will be made for the draft until it is returned accepted.

Some houses instead of mailing the foregoing draft with the invoice would place it in their bank for collection. This is coming to be the usual way of handling paper of this kind, but both methods are illustrated in this work.

If Quincy, Bradley & Co. should put the foregoing draft in the hands of their bankers for collection instead of sending it to the drawees, they should make the entry the same as though the draft were in their possession accepted, for L. B. Wade & Co., by the terms of the purchase, have contracted to accept the draft.

The following would be the form of the journal entry:

Quincy, Bradley & Co.'s Journal

Bills Rec.				
To L. B. Wade & Co		Our 30-da. draft on them given to the bank for collection	500	50.

Should Quincy, Bradley & Co. wish to offer the draft, when accepted, for discount, they may do so. If they offered the foregoing draft for discount July 20, the date it is assumed they received it from L. B. Wade & Co. accepted, they would make the following cash-book records:

Left Side

July	20	L. B. Wade & Co.	D'ft. rec'd & disc'd	500

Right Side

July	20	Int. & Disc.	L. B. Wade & Co's draft	2 08

NOTE. — Some business men might prefer to make two distinct entries for the above, as follows:

1. *Bills Receivable to L. B. Wade & Co.* for the acceptance received.

2. *Bills Receivable* on the left-hand side of the cash book, $500, and *Interest and Discount* on the right-hand side for $2.08, when the acceptance was offered for discount.

The first method is preferred as it is shorter and shows the full transaction.

RULES FOR TIME DRAFTS

1. **Drawer's Entry** when a time draft with three distinct parties is drawn:

Payee
To Drawee

2. **Drawer's Entry** when he draws a time draft on a third party in favor of himself and leaves it with his bank for collection:

Bills Receivable
To Drawee

3. **Drawer's Entry** when he receives his draft, drawn in his own favor, accepted:

Bills Receivable
To Drawee

4. **Payee's Entry** when he receives a time draft properly accepted:

Bills Receivable
To Drawer

5. **Drawee's Entry** when he accepts a time draft:

Drawer
To Bills Payable.

EXAMPLES FOR WRITTEN PRACTICE

1. W. G. Gambee drew on you at 45 days' sight, in favor of F. R. Berriman, for $500, and you accepted the draft.

a. Write the draft.
b. Show your acceptance.
c. Make the entries for each party.

2. You bought of R. H. Macey & Co., New York, 750 yds. Scotch ginghams at 15¢, and accepted their 30-day draft in favor of themselves for the amount of the bill.

a. Write the draft including your acceptance.
b. Make your entry for the draft.
c. Make R. H. Macey & Co.'s entry when they receive the draft accepted.

In the above it is assumed that R. H. Macey & Co. made one entry in their sales book at the time of shipping the goods, and another on receipt of your acceptance. Also that you entered the bill in your invoice book and made a journal entry for that draft accepted.

EXAMPLES FOR ORAL DRILL

1. You draw a draft payable 30 days after date on W. K. Darling, in favor of Isaac B. Langley.

a. Analyze your entry when you draw the draft.
b. State the drawee's entry when he accepts the draft.
c. Will the acceptance need to be dated? Why?

2. You accept J. E. Keating's draft at 10 days' sight, in favor of Wells & Warriner.

a. State your entry.
b. When does the time begin to run on a draft drawn payable *after sight?*

3. You pay your acceptance of Jan. 20, in favor of Z. P. Zaner, due to-day, by a sight draft on Wm. J. Briggs.

a. State your journal entry.
b. Analyze the entry.
c. State Z. P. Zaner's entry when he receives your draft on Briggs.
d. State Briggs's entry when he pays your draft.

4. Your draft at 10 days' sight for $200, drawn on The Geo. B. Furman Co., in favor of yourself, for invoice of Jan. 15, has been received accepted.

a. State your entry.
b. Would the acceptance of The Geo. B. Furman Co. on the above draft need to be dated? Why?

5. The draft in Example 4 is taken to the bank and discounted 8 days before maturity.

a. The draft is payable to "Myself." Shall you need to indorse it? Why?
b. State your entry when you discount the acceptance.
c. State The Geo. B. Furman Co.'s entry when they pay their acceptance at maturity.

QUESTIONS ON TIME DRAFTS

1. Explain the difference between drafts payable *after date* and drafts payable *after sight.* 2. What is meant by the term *acceptance?* 3. To what ledger account would the acceptances of other people be posted? 4. To what ledger account would our own acceptances be posted? 5. When does an acceptance need to be dated? Why? 6. Will banks take unaccepted drafts for collection?

7. When a bill of goods is sold and a time draft drawn for all or a part of the sum, what two ways of handling the draft are there? 8. Will banks discount unaccepted drafts? 9. Give the drawee's entry when he accepts a time draft drawn upon him. 10. Give the drawer's entry when a time draft with three distinct parties is drawn. 11. How do the entries of the drawer of a time draft compare with the entries of the drawer of a sight draft? Why? 12. Give the payee's entry when he receives an accepted time draft to apply on account. 13. Give the payee's entry when he receives payment for an acceptance at maturity. 14. Are sight drafts ever accepted? Why? 15. Are days of grace allowed on sight drafts in your state? on time drafts? 16. An acceptance matures on Sunday. In your state when should it be paid? 17. When, in your state, should notes and acceptances maturing on July 4 be paid? on February 22, if the date occurs on Saturday?

Résumé. — The foregoing illustrations are intended to show how completely the absolute handling of money is avoided in business. As will be seen from work previously given, real money — gold, silver, etc. — has very little to do in promoting exchanges and paying debts. The bills that we call money — bank notes, silver certificates, and greenbacks — are nothing more than promises to pay, and in that sense might properly be classed as commercial paper.

The two sets following deal largely with notes, drafts, checks, etc., and it is deemed advisable to preface the work with transactions to be used as special drill exercises. These exercises, and in some cases many others added by the teacher, should be thoroughly mastered before the work of the sets is begun.

Miscellaneous Examples for Practice. — Take some foolscap paper and cut it into slips the size of the ordinary draft. On these slips write the drafts called for in the following transactions. After a draft has been written, take mucilage and attach it to the top of a journal sheet. Immediately under this make the entries called for.

In case there are indorsements to be written, use two slips, one for the draft and one for the indorsement. Attach both slips to the journal sheet and make the required entries immediately under them.

Illustration. — Jas. M. Fernald drew a sight draft on H. P. Sutton & Co., in favor of David N. Salisbury, for $300. On receipt of the draft Salisbury deposited it in the First National Bank.

a. Write the draft and show the indorsement.

b. Make the entries for all three parties.

The following shows the proper records:

$300.00 Boston, Mass., July 12, 19—.

At sight pay to the order of David N. Salisbury Three Hundred $\frac{00}{100}$ Dollars, value received, and charge to the account of

Jas. M. Fernald.

To H. P. Sutton & Co.,
Springfield, Mass.

Pay to the order of
First National Bank
David N. Salisbury

Drawer's Journal Entry

David N. Salisbury	Drew a sight draft on H. P. S.	300		
To H. P. Sutton & Co.	& Co., in favor of D. N. S.			300

Payee's Entry on the Left Side of the Cash Book

13	Jas. M. Fernald	Recd. his sight draft	300	

Drawee's Entry on the Right Side of the Cash Book

13	Jas. M. Fernald	Paid his sight draft	300	

EXAMPLES FOR WRITTEN PRACTICE

Feb. 1. You pay by check Arthur B. Harrington's sight draft on you in favor of Horace C. Nelson for $250.

a. Write the draft.

b. Make the necessary entries for all the parties.

Feb. 2. Roger P. Mills, Waltham, Mass., has this day accepted your draft at 60 days' sight, dated Jan. 30, in favor of yourself, for $900. Draft is payable at Alliance National Bank.

a. Write the draft and show the acceptance.

b. Show the maturity of the draft.

c. Make your journal entry.

NOTE. — When the time of a note or draft is expressed in months, calendar months (*i.e.*, without regard to the exact number of days in each month) are used to determine the date of maturity; but when the time is expressed in days the exact number of days is used.

A note or draft due two months from date matures on the corresponding day of the second following month, provided there is a sufficient number of days in that month to make this possible. If there are not, it is due on the last day of that particular month.

Example. — Notes and drafts dated Jan. 28, 29, 30, or 31, and payable one month after date, would each mature on Feb. 28; but if payable 30 days after date, they would be due Feb. 27, 28, and March 1 and 2, respectively.

In most states the added day for leap years is not counted. For example, a note or draft payable 30 days after Feb. 25 in any leap year is due March 27, instead of March 26, as would be the case if the extra day were counted.

Feb. 3. On Jan. 20 you sold Caleb R. Wells merchandise amounting to $152.64 and he gave you permission to draw on him at sight for the amount of bill after 10 days. You drew the draft to-day and deposited it with your bank, Mechanics National, receiving credit for its face.

a. Write the draft and show the indorsement.

b. Make your cash-book entry.

Feb. 4. You take acceptance of Feb. 2 to Mechanics Bank and receive credit for the face, less discount at 6%, for the unexpired time.

a. Show the proper indorsement.

b. Make your cash-book entries.

Other people's acceptances are Bills Receivable in your hands. This note has been paid as far as you are concerned. You have allowed the discount.

Feb. 5. On Feb. 1 you sold F. B. Norton, Buffalo, N.Y., on his acceptance at 60 days, 150 doz. cotton half hose at $2.50. The draft drawn on the date of the sale, payable 60 days after date, has to-day been received accepted.

a. Write the draft and show the acceptance.
b. Make your entry for the draft.

No entry was made for the draft at the time of the sale of the goods.

Feb. 6. You bought of Mechanics Bank by check a draft, No. 7521, on the Puritan National Bank, New York City, for $96.24 and remitted it to S. G. Metzer & Co., Cincinnati, Ohio, in full of account. Exchange on draft, 25¢.

a. Write a check on Mechanics Bank to cover the draft and exchange.
b. Write the New York draft. A. B. Turner, Cashier.
c. Make your entry.

Feb. 8. You draw a sight draft on Howard A. Lane, in favor of A. W. McKinley, for $92.54, the balance due you on account from Lane.

a. Write the draft.
b. Make your entry.

Feb. 10. You draw a sight draft on Frank W. Wilson, Worcester, Mass., in favor of yourself, for invoice of Jan. 25, $200.50. Leave the draft at Mechanics National Bank for collection.

a. Write the draft.
b. Show the proper indorsement.

Feb. 20. You have remitted your draft at sight on Williams & King to Goodwin Bros. in payment of bill of the 18th less 5% discount. Face of the draft, $190.

a. Write the draft.
b. Make your entry.

TEST QUESTIONS ON DRAFTS

1. Are drafts ever interest-bearing? Why? 2. Under what circumstances would you offer a bank sight paper (*a*) for collection? (*b*) for deposit? 3. Would the banks in your city readily accept for deposit or for collection any paper with your restrictive indorsement upon it? Why? 4. When will a draft drawn payable 10 days after date mature in your state if the date of draft is Feb. 19, 1904? 5. Are days of grace allowed on either sight or time drafts in your state? 6. As a rule, do banks make any charge for cashing New York drafts? Why? 7. What negotiable paper considered up to this point in the work may, under any circumstances, be treated as cash?

EXERCISES ON OPENING DOUBLE ENTRY BOOKS

The following exercises will show the student how to open double entry books when the proprietor begins business with both resources and liabilities.

1. W. D. Fain begins the Furniture Business July 1, investing as follows: cash on hand, $2500; merchandise per inventory, $1600; Jas. R. Milem's note, $500; accrued interest on note, $12; real estate, — store and lot, $5000; rent due from tenants, $125; office furniture, — safe, books, etc., $460; Wm. K. Duffey owes him on account $1240; F. E. Bush, $400; and C. O. Bond, $300.

He owes Ralph Dewey $400; Arthur Lehan, $1600; he has a note outstanding in favor of Chas. B. Hawley, $1387, less discount to maturity $10.95.

The following entry shows the above resources and liabilities properly recorded:

Boston, Mass., *July 1, 19—*

	I, W. D. Fain, have this day begun the Jobbing Furniture Business with the following resources and liabilities:					
	Resources					
C.B.	Cash	On hand	2500			
	Mdse.	Per inventory	1600			
	Bills Rec.	Per bill book	500			
	Interest	Accrued on above	12			
	Real Estate	Store and lot	5000			
	Expense	Due from tenants	125			
	Office Fixtures	Safe, etc.	460			
	Wm. K. Duffey	Owes on account	1240			
	F. E. Bush	Owes on account	400			
	Discount	On bills payable	10	95		
	C. O. Bond	Owes on account	300			
	To W. D. Fain	Total resources			12147	95
	Liabilities					
	W. D. Fain	Total liabilities	3387			
	To Ralph Dewey	Due him			400	
	Arthur Lehan	Due him			1600	
	Bills Pay.	Per bill book			1387	

The cash item should also appear on the left side of the cash book as follows:

July 1	J.	W. D. Fain	Cash invested	2500	

The cash item is checked *C. B.* in the journal because it has been placed to the debit of the Cash account by the above record.

W. D. Fain's account is checked *J.* in the cash book because this item has been counted in determining the total resources and liabilities in the journal.

Take a sheet of journal paper and make the proper records for the following resources and liabilities. Hand the sheet, when completed, to your teacher for examination and approval.

2. Chas. R. Osgood begins the Furniture Business July 1, investing as follows: cash on hand, $1700; note of Chas. H. Dean, $500; accrued interest on the note, $10; merchandise per inventory, $2600; A. B. Knowlton owes him on account $1200; Geo. K. Brown, $150.

He owes Foster, Hillis & Co. $250; Traver, Bowe & Co. $300; M. B. Hanway also holds a note for $600 against him, and the accrued interest on this note amounts to $10.

3. C. B. Ellis begins business July 1, investing as follows: cash on hand, $2000; merchandise per inventory, $1300; note of F. M. Everitt, $1200; accrued interest on the note, $19.50; City Water Works stock, $4200; earned dividend on the stock, unpaid, $168; house and lot, 1625 127th Street, $4500; rent due and unpaid by tenants, $95; horse and wagon, $150.

He owes Manning & Son $1750, C. O. Bond holds a note for $1200 against him, and there is $75 due Ellis B. Hanway on the horse and wagon purchased June 15.

Buying Price Lists for July and August

ARTICLE AND DESCRIPTION		1	2	3	4	5
No. 3116	Antique Card Table	$14.50	$11.75	$12.00	$14.00	$20.00
" 2546	Antique Library Rocker	9.00	17.25	9.00	19.50	11.00
" 693	Antique Wardrobe	21.75	21.75	21.75	21.75	21.75
	Blue Chenille Curtain	4.00	3.75	4.00	4.10	3.95
" 16 B	Brass Easel	12.50	12.75	9.00	10.75	9.50
" 635	Brass Bedstead	15.75	16.90	15.00	16.50	15.95
" 15	Cane-seat Dining Chair	1.50	1.45	1.47½	1.55	1.51
" 59 A	Cheval Glass	15.25	15.00	15.25	16.00	14.50
" 71 A	Child's Crib	11.50	7.20	14.90	12.00	13.50
" 10	China Closet	17.25	18.00	27.50	15.00	12.90
" 20	Corner Chair	20.00	21.50	22.75	19.25	19.25
" 245	Cedar Chest	8.50	17.25	7.50	7.40	4.60
" 16 A	Complete Dining-room Set	78.00	73.50	72.00	84.00	80.00
" 572	Drawing-room Suit	75.00	129.50	125.00	100.00	70.00
" 170	English Clothes Pole	3.50	3.75	3.15	3.00	3.10
" 5932	Empire Toilet Table	39.00	37.00	31.50	32.00	21.92
" 3016	Fancy Rocker	7.50	7.50	7.50	7.50	8.00
" 36 B	Gentlemen's Chiffonier	7.50	6.50	15.75	18.50	15.00
" 6387	Hall Settle	16.50	16.50	17.00	18.00	17.50
" 16 K	Leather-seat Dining Chair	6.50	7.00	6.00	7.00	7.75
" 169 C	Library Table	20.00	21.00	20.00	12.75	37.50
" 91	Lace Curtain	4.50	5.00	4.25	5.50	4.75
" 16	Ladies' Dressing Cabinet	30.00	20.00	31.00	32.00	30.00
" 835	Music Cabinet	4.00	7.50	7.20	4.50	2.75
" 50	Mahogany Parlor Table	15.25	15.00	16.00	12.00	12.00
" 626	Mahogany Office Chair	12.50	14.00	14.50	12.00	11.00
" 396	Mahogany Hall Stand	43.00	42.50	50.00	49.75	48.50
" 89	Mahogany Chamber Set	60.00	65.00	87.50	50.00	140.00
" 1008	Oak Sideboard	150.00	125.00	120.00	90.00	95.00
" 2229	Oak Dining Table	9.75	10.00	7.50	12.50	9.75
" 73	Oak Writing Desk	7.50	11.00	16.90	12.00	10.00
" 68	Oak Bookcase	7.50	7.50	7.75	7.00	8.00
" 76 A	Oak Chamber Set	11.00	10.50	12.50	9.75	13.75
" 687	Ornamental Table	4.00	9.50	8.00	7.50	3.75
" 20 D	Parlor Cabinet	25.00	41.90	37.50	50.00	27.50
" 821	Parlor Lamp	13.00	8.00	7.50	6.00	9.50
" 176 C	Piano Chair	12.50	7.00	4.50	7.50	11.00
" 57	Reclining Couch	21.00	18.00	17.50	15.00	12.00
" 17 A	Roman Chair	15.00	14.00	16.00	17.00	18.00
" 73	Sofa Bed	30.00	12.50	17.00	15.00	16.00
" 5926	Secretary Book Cabinet	65.00	115.00	125.00	60.00	50.00
" 65	Turkish Rocker	18.00	19.00	17.50	12.00	15.00
" 27 C	Woven Wire Mattress	1.75	2.00	2.10	3.00	3.75
" 16	Wool Mattress	2.25	2.00	2.25	1.90	2.15
" 495	White Iron Bedstead	3.75	3.00	4.00	4.50	6.00

Selling Price Lists for July and August

	ARTICLE AND DESCRIPTION	1	2	3	4	5
No. 3116	Antique Card Table	$19.75	$13.50	$15.00	$17.50	$24.00
" 2546	Antique Library Rocker	12.00	29.25	11.75	22.00	13.50
" 693	Antique Wardrobe	25.75	27.50	29.50	28.75	22.90
	Blue Chenille Curtain	5.00	5.00	5.00	5.00	5.00
" 16 B	Brass Easel	15.00	15.00	11.75	13.00	12.00
" 635	Brass Bedstead	22.50	24.00	21.50	23.00	21.69
" 15	Cane-seat Dining Chair	2.25	1.85	1.75	2.22	2.69
" 59 A	Cheval Glass	21.25	21.99	22.00	20.50	19.75
" 71 A	Child's Crib	15.75	9.50	16.79	15.65	18.50
" 10	China Closet	25.00	24.50	39.00	19.90	14.50
" 20	Corner Chair	26.00	26.00	26.00	26.00	26.00
" 245	Cedar Chest	11.00	19.00	9.50	9.65	6.25
" 16 A	Complete Dining-room Set	110.00	98.00	90.50	110.00	95.00
" 572	Drawing-room Suit	100.00	152.25	175.00	125.00	92.50
" 170	English Clothes Pole	5.50	4.10	3.60	3.15	3.15
" 5932	Empire Toilet Table	50.00	39.75	33.75	39.75	27.00
" 3016	Fancy Rocker	10.00	10.00	10.00	8.50	9.75
" 36 B	Gentlemen's Chiffonier	10.00	9.00	17.25	22.50	15.90
" 6387	Hall Settle	23.25	19.25	21.00	22.00	17.75
" 16 K	Leather-seat Dining Chair	9.50	9.00	7.50	9.50	8.00
" 169 C	Library Table	25.00	23.75	21.50	15.00	39.00
" 91	Lace Curtain	6.00	6.00	6.00	6.00	6.00
" 16	Ladies' Dressing Cabinet	40.00	23.50	35.00	39.50	38.50
" 835	Music Cabinet	5.00	9.00	10.00	6.00	3.00
" 50	Mahogany Parlor Table	21.25	20.00	19.25	15.00	12.50
" 626	Mahogany Office Chair	16.50	17.25	19.00	13.50	11.75
" 396	Mahogany Hall Stand	65.00	65.00	65.00	65.00	65.00
" 89	Mahogany Chamber Set	80.00	75.00	112.50	60.00	149.50
" 1008	Oak Sideboard	195.00	145.00	135.00	120.00	117.50
" 2229	Oak Dining Table	12.25	12.00	10.00	15.00	12.75
" 73	Oak Writing Desk	10.00	14.75	18.59	15.00	11.50
" 68	Oak Bookcase	9.75	9.75	9.75	9.75	9.75
" 76 A	Oak Chamber Set	14.25	14.25	14.25	14.25	14.25
" 687	Ornamental Table	5.25	12.00	10.00	9.50	4.50
" 20 D	Parlor Cabinet	37.00	43.50	50.00	65.00	35.00
" 821	Parlor Lamp	16.00	10.00	9.50	7.50	11.50
" 176 C	Piano Chair	17.00	9.00	6.00	9.50	13.00
" 57	Reclining Couch	28.00	21.00	21.50	17.50	14.50
" 17 A	Roman Chair	18.75	18.75	18.75	18.75	18.75
" 73	Sofa Bed	38.00	15.50	19.75	20.00	21.00
" 5926	Secretary Book Cabinet	92.00	137.50	139.50	75.00	65.00
" 65	Turkish Rocker	24.75	22.00	25.00	15.00	18.00
" 27 C	Woven Wire Mattress	3.25	3.00	2.50	4.00	5.00
" 16	Wool Mattress	4.00	3.00	3.00	2.75	2.90
" 495	White Iron Bedstead	5.00	4.00	5.00	5.50	6.50

SET V — JOBBING FURNITURE BUSINESS

Object. — This set is designed to illustrate the Jobbing Furniture Business. A variety of advanced business forms is illustrated and explained, and two new books of record are employed. The transactions deal largely with commercial paper, and the actual handling of money is avoided as far as possible. Notes, drafts, and acceptances, and the relations existing between the parties connected therewith, are made a prominent feature of the work.

Books used. — The books used are the bill book and invoice book, in addition to the books with which the student is already familiar.

Model

Bills

NO.	DRAWEE OR MAKER	DRAWER OR INDORSER	HOW RECEIVED	WHERE PAYABLE	DATE RECEIVED		DATE DRAWN	
1	J. B. Maxwell		On account	Union Bank	July	1	June	15
2	W. D. Rimbach	J. B. Topham	On account	Union Bank		1		3
3	Walker, Brown & Co.	Student's name	Inv. July 2				July	2

Bills

NO.	TO WHOM PAYABLE	FOR WHOSE ACCOUNT	FOR WHAT ISSUED	WHERE PAYABLE	DATE ACCEPTED		DATE DRAWN	
1	Allen & Bailey Furn. Co.		In full of acct.	Union Bank			June	25
2	C. O. Boswell	C. O. Boswell	In full of acct.	Union Bank	June	25		20
3	Derby Mfg. Co.	Derby Mfg. Co.	Inv. July 2	Union Bank	July	3	July	3

Bill Book. — This book is used for recording all notes or acceptances which come into the business, or which are issued by the business. The book is generally divided into two parts, one for bills receivable and the other for bills payable. When notes or acceptances are received or issued a full description of the paper should be recorded in the bill book. This book should exhibit the same balances as the Bills Receivable and Bills Payable accounts in the ledger.

The **Model Bill Book** given below is self-explanatory. Care should be taken to record in the proper columns the information called for. Complete records for the first three bills receivable and bills payable for the month of July are properly entered in this model.

NOTE. — The amounts in the model bill book are for price list No. 1.

Bill Book

Receivable

TIME	DATE DUE		AMOUNT		DATE DISCOUNTED	DATE SENT TO COLLECT		DATE PAID		HOW PAID	REMARKS
			INT.								
30 da.	July	15	500			July	12	July	15	Paid at bank	
30 da.		3	450				2		3	Paid at bank	
30 da.	Aug.	1	883				2	Aug.	1	Paid at bank	

Payable

TIME	DATE DUE		AMOUNT		DATE PAID		HOW PAID	REMARKS
			INT.					
1 mo.	July	25	2500		July	25	Charged at bank	
30 da. sight		25	1000			25	Charged at bank	
10 da. sight		13	1376	90		13	Charged at bank	

Model Invoice Book

July, 19–

L. F	ORIGINAL INVOICES.	AMOUNT.
12	Boston, Mass., July 2, 19– Messrs. Merrill & Browns, Rochester, N.Y. Bought of Derby Mfg. Co. Terms: 2/10, 1/30, net 60 days	180 —
14	New York, July 6, 19– Messrs. Merrill & Browns, Rochester, N.Y. To Gray, Salisbury & Co., Dr. Terms: Eight discounting 10 days for amt. less 3%	642 39
16	Trenton, N.J., July 12, 19– Messrs. Merrill & Browns, Rochester, N.Y. Bought of C. W. Allen & Co. Terms: 2/10, 1/30 net 60 days	1144 50
	9 @ 5932 Empire Toilet Tables 39.00 351 — 5 @ 1008 Oak Sideboards 150.00 750 — 2 @ 693 Antique Wardrobes 21.75 43 50 1144 50	
	[illegible]	1961 89

July, 19--

L.F.	ORIGINAL INVOICES.			AMOUNT.	
	Forward			1966	89
	Buffalo, N. Y., July 22, 19--				
	Messrs. Merrill & Browne,				
	Rochester, N.Y.				
21	Bought of The Mills Furniture Co.			1837	50
	Terms: 2%, net 30 days.				
	50 #27 Ideal Hair Mattresses	17	87 50		
	100 #42 B Wool	2	251 —		
	10 #1028 Oak Sideboards	10	1200 —		
	10 #16 Ladies' Desk Cabinets	30	300 —	1837	50
W	July 31 Mdse. Dr.			3804	39

Invoice Book. — This book illustrates another form for recording the amounts of all merchandise bought by the business, and is to take the place of the purchase book with which the student is already familiar. It is generally made up of original bills. In regular work these bills are received and audited and then pasted in the invoice book. The net amount of each bill is carried to the money column ruled on the right of each page. In entering items in the invoice book observe the following:

1. Do not allow the edges of the bills to extend into the money column. Invoices coming from different houses will not be of uniform size, and where necessary the edges of some of these bills should be trimmed.

2. Use but little mucilage. Paste the upper and lower corners of the first bill on each page, but paste only the lower corners of all the other bills, and let them lap over each other as shown in the model invoice book.

3. Place the amount of each bill in the money column *directly* opposite the name of the firm of whom the goods have been purchased.

How to post the Invoice Book. — This book is posted in practically the same way as the purchase book. In posting observe the following:

1. Be sure to forward the total of the money column from page to page.

2. At the end of the month, or at such other periods as may seem advisable, post the aggregate of the money column to the debit side of the Merchandise account.

3. Post the amount of each bill directly from the invoice book to the credit of the firm of whom the merchandise was purchased.

Cash Book. — The cash book used in this set differs slightly from that used in the preceding sets. A special column is provided on each side for merchandise discounts. A careful study of the accompanying illustration will enable the student to use this book intelligently.

Cash Receipts, July, 19—

DATE	F			MDSE. DISC. DR.		GENERAL		TOTALS	
1	J.	J. H. Sampson	Investment			6000			
8	9	J. E. Bender	Inv. of the 7th, less 3%	36	16	1169	09		
12	12	C. W. Gray	Inv. of the 5th			1240	10		
16	18	Bills Rec.	Moran's note			560			
20	20	Int. and Disc.	On above			5	60		
25	11	C.O.D. Accounts	C. B. Moore			50			
30	11	J. O. Brown & Co.	Inv. June 12, less 1%	12	60	1247	40	10272	19
31	14	Mdse. Disc.	Total for month	*48*	*76*				
								10272	19

Business Forms for July

Before taking up the memoranda for Set V the student should prepare the following incoming vouchers.

Be satisfied with nothing short of rapid, accurate work. See if you can prepare **all** of the following vouchers **without an error.**

Note. — The teacher should assign the student a price list and give him the necessary blank forms, etc., for this set.

In all the following invoices the student is represented as the purchaser.

Form 1: Note of J. B. Maxwell, dated City, June 15, drawn in your favor, payable at Union Bank 30 days after date, for $500, with interest at 6%.

Form 2: J. B. Topham's draft in his own favor, on W. D. Rimbach, City, transferred to you by full indorsement. Draft is for $450 and is dated City, June 3, payable at Union Bank 30 days after date.

Cash Payments, July, 19___

DATE	F			MDSE. DISC. CR.	GENERAL	TOTALS
1	10	Expense	Rent		150	
1	10	Expense	Office safe		250	
1	10	Expense	Insurance		120	
3	13	J. O. Moran	Sight draft paid		200	
6	16	Cobb, Bates & Co.	Inv. of the 6th, less 2%	24	1176	
9	18	C. W. Allen & Co.	Inv. of the 6th, less 2%	17 40	852 60	
16	10	Expense	Telegram		1	
16	10	Expense	Stationery, etc.		4 50	
18	15	Bills Pay.	Accept. favor King		900	
20	8	J. K. Levy & Co.	Draft favor Brown & Co.		1100	
21	20	Stoddard & Co.	Inv. of the 10th, less 2%	24	1176	
23	15	Bills Pay.	Note favor Ellis Mfg. Co.		500	
25	20	Int. and Disc.	On above note		5	
26	10	Expense	Salaries to date		120	
27	21	Mdse.	Freight and cartage		50	6605 10
31	14	Mdse. Disc.	Total for month	*65 40*		
31		*Balance*	*In safe, 67.09; bank, 3600*			*3667 09*
						10272 19

Form 3: Bill of Thorp, Martin & Thorp, 798 Franklin St., City, dated July 1. Terms: cash, less 2%. Items as follows:

4 M Letter Heads at $2
2 M Envelopes at $1.50
1 M Billheads at $2
2 gro. Steel Pens at 75¢
1 qt. Writing Fluid at 75¢
1 doz. Pencils at 30¢
1 Ledger at $6
1 Journal at $3
1 Cash Book at $3.50
1 Sales Book at $3
1 Bill Book at $1.50
1 Invoice Book at $1

Deduct the discount on the bill and receipt it.

Form 4: Invoice of Cobb, Bates & Co., 62 Portland St., City, dated July 3. Terms: 3/10, net 30 days. Items as follows:

9 #5932 Empire Toilet Tables
12 #36 B Gentlemen's Chiffoniers
5 #16 Ladies' Dressing Cabinets
10 #76 A Oak Chamber Sets
5 #1008 Oak Sideboards
6 #693 Antique Wardrobes

NOTE.—The space allowed for recording the terms of sale on a bill is generally limited and accountants find it necessary to use symbols and abbreviations to indicate them. The following list explains the meanings of the abbreviations for terms used in this work.

1. **Net 30 days,** meaning that the bill is to be paid in thirty days without discount.
2. **1/30,** meaning that 1% discount will be allowed if the bill is paid within thirty days.
3. **3/10, net 30 days,** meaning that 3% discount will be allowed if the bill is paid within ten days, or the amount of the bill will be due in thirty days without discount.

Form 5: Invoice of Derby Mfg. Co., 17 Portland St., City, dated July 3. Terms: draft at 10 days for the amount of the bill, less 2%. Items as follows:

4 #20 D Parlor Cabinets
4 #169 C Library Tables
10 #3116 Antique Card Tables
5 #89 Mahogany Chamber Sets
10 #16 A Complete Dining-room Sets

Deduct the discount on the bill, as a draft will accompany it when it comes into your possession.

Form 6: Draft of Derby Mfg. Co., dated City, July 3, payable at 10 days' sight, on you, in favor of themselves, for the net amount of the above bill.

Form 7: J. O. Moran's sight draft, dated City, July 5, on you, in his own favor, $200.

Form 8: Check of J. E. Bender, dated Troy, your state, July 8, on Traders National Bank, in your favor, $1169.09.

Form 9: Invoice of W. H. Stearns & Co., Chicago, Ill., dated July 9. Terms: 30-day draft for one-half of the bill; balance in 60 days. Items as follows:

100 #15 C. Dining Chairs
100 #16 K L. Dining Chairs
10 #2229 O. Dining Tables
20 #626 M. Office Chairs
20 #3016 Fancy Rockers
5 #2546 Ant. Lib. Rockers

Form 10: W. H. Stearns & Co.'s draft, dated Chicago, Ill., July 9, payable 30 days after date, on you, in favor of themselves, for one-half the amount of the above invoice.

Form 11: Your draft at 30 days from July 5 on Samuel W. Bradley, Bedford, in favor of yourself, accepted, for (No. 1, $840.25; No. 2, $693.25; No. 3, $647.50; No. 4, $579.50; No. 5, $694.50). Acceptance is dated July 5.

NOTE. — The numbers in the above form refer to the different price lists.

Form 12: Samuel W. Bradley's draft, dated Bedford, July 12, at 30 days from date, on J. E. Farley, City, in favor of himself, for $179. Transferred to you by full indorsement.

Form 13: A bank draft drawn by Traders National Bank, Springfield, on Chemical National Bank, New York, July 10; drawn payable to G. H. Ingalls & Co., by A. B. Turner, Cashier, for $1085.19. Transferred to you by full indorsement.

Form 14: Invoice of C. W. Allen & Co., Trenton, N.J., dated July 9. Terms: 2/30, net 60 days. Items as follows:

24 #27 c W. Wire Mattresses
24 #16 Wool Mattresses
10 #71 A Child's Cribs
24 #495 White Iron Bedsteads
50 #635 Brass Bedsteads

Form 15: Invoice of William Leavens & Co., 32 Canal St., New York City, dated July 11. Terms: sight draft in 10 days for the amount of the bill, less 2%. Items as follows:

12 #73 Oak Writing Desks
15 #68 Oak Bookcases
3 #5926 Sec. Book Cabinets
6 #396 Mahogany Hall Stands

Deduct the discount.

Form 16: Stoddard & Co.'s draft, dated City, July 14, on you, in favor of themselves, at 15 days from date, for $400.

Form 17: E. F. Green & Co.'s draft, dated Bangor, July 14, on H. B. Claflin & Co., City, in your favor, at 30 days from date, for $400.

Form 18: Invoice of Randall Mfg. Co., 126 East 123d St., New York City, dated July 8. Terms: 3/10, 1/30, net 60 days. Items as follows:

10 #57 Reclining Couches
50 #65 Turkish Rockers
5 #73 Sofa Beds

Form 19: Invoice of S. T. Udell & Co., Chicago, Ill., dated July 16. Terms: sight draft in 20 days. Items as follows:

19 #50 M. Parlor Tables
11 #10 China Closets

Form 20: William Leavens & Co.'s sight draft, dated New York City, July 20, on you, in favor of themselves, for the net amount of Form 15.

Form 21: *C.O.D.* envelope. Get $50 of your teacher and place it in the envelope. Data for the envelope as follows:

Amount of invoice, $50; amount to be returned, $50; from (your name); on Chas. B. Lyman, Springfield; dated July 17.

Form 22: Check of David E. Teeter, dated City, July 23, on Traders National Bank, in your favor, for (No. 1, $1291.95; No. 2, $1064.74; No. 3, $1089.49; No. 4, $982.57; No. 5, $1102.36).

Form 23: M. N. Overman's draft on Rogers, Peet & Co., Buffalo, in favor of himself, dated Albany, July 13, payable at 30 days' sight, for $469.39. Accepted July 15. Transferred to you by full indorsement.

Form 24: New York draft, dated City, July 24, drawn by Union Bank on Chemical National Bank, in your favor, Chas. H. Palmer, Cashier, for $319.72.

Form 25: Invoice of C. W. Allen & Co., Trenton, N.J., dated July 23. Terms: 2/30, net 60 days. Items as follows:

17 #572 B Drawing-room Suits 5 #59 A Cheval Glasses

Form 26: Stoddard & Co.'s sight draft, dated City, July 27, on you, in favor of themselves, for $150.

Form 27: Bill of the Metropolitan Carting Co., dated City, July 28. Items as follows:

July 3, Cartage, $12.25
" 10, Cartage, 9.50; Freight, $126.50
" 13, Cartage, 7.50; Freight, 54.20
" 26, Cartage, 3.75

Receipt the bill; sign Metropolitan Carting Co.

Form 28: Receipted bill of the Consolidated Gas and Electric Light Co., City, dated July 29. Terms: cash, less 5%. Items as follows:

Meter at current date, 8200 cu. ft.
Meter at last settlement, 2000 cu. ft.
Gas consumed, 6200 cu. ft., at $1.20 per 1000 cu. ft.

Deduct the discount before receipting the bill. In receipting, sign the name of the gas company, per your initials.

After finishing the foregoing forms, hand them to your teacher for correction and criticism. If accepted by him, place them in the envelope marked *Incoming Papers.*

You are now ready to take up the work of Set V.

Memoranda of Transactions for July

July 1

You this day begin a Jobbing Furniture Business at 269 Causeway St., with the following resources and liabilities.

Resources

J. B. Maxwell's note, dated June 15, in your favor, payable at Union Bank 30 days after date, with interest at 6%, $500; interest accrued on the above note to date, $1.33.

Discount on bills payable, $4.

Accepted draft for $450, dated June 3, payable at Union Bank 30 days after date. Draft is drawn by J. B. Topham, in his own favor, on W. D. Rimbach and transferred to you by full indorsement.

All of the stock of furniture of the late Allen & Bailey Furniture Co., as per schedule on file, $7150.

Cash on hand, $6200.

Store and lot, 269 Causeway St., as per warranty deed on file, $7000.

Office fixtures, etc., as per schedule on file, $450.

Two horses, harness, delivery wagon, etc., valued at $450.

The following persons owe you: J. E. Bender, Troy, $1350; Samuel W. Bradley, Bedford, $750; E. F. Green & Co., Bangor, $400.

Liabilities

Your note at one month from June 25, payable at Union Bank, in favor of Allen & Bailey Furniture Co., for $2500, with interest at 6%. Interest accrued, $2.50.

Discount on bills receivable, 15¢.

C. O. Boswell's draft at 30 days' sight, dated New York City, June 20, on you, in his own favor, for $1000. You accepted it June 25, payable at Union Bank.

You owe the following persons on account: J. O. Moran, City, $2100; Paine Mfg. Co., Bedford, $350; Stoddard & Co., City, $4750.

Enter in the journal, cash book, and bill book. Open accounts with Horse and Wagon and Office Fixtures. Enter all interest and discount items under Interest and Discount.

The item of $4 under interest and discount on the list of resources is for 24 days' discount on the acceptance in favor of C. O. Boswell. The draft is not interest-bearing, and so will not be worth its face value until maturity. Computing the discount for 24 days we find that a cash payment of $4 less than the face would cancel the acceptance July 1. Since Bills Payable must be credited for the face of the draft, we treat the discount as an available resource.

In like manner we find that W. D. Rimbach's acceptance is worth 15¢ less than its face value on July 1. Bills Receivable must be debited for the face of the acceptance, and we credit Discount 15¢ to offset the overcharge of resources.

In opening a set of books it is always necessary to find the present value of the notes on hand and outstanding in order to determine the *actual* net investment.

Take J. B. Maxwell's note (Form 1) and W. D. Rimbach's acceptance (Form 2) and place them in the *Unpaid Bills* envelope. The warranty deed, schedule of property on hand, etc., are assumed to be on file, and you will make no reference to them at this time.

Apply to your teacher for the cash investment.

Deposit all the cash on hand, except $100, in Union Bank.

In this set and in all the work following, the student will make a slight change in the form for check book illustrated in preceding sets. This is done not to multiply special features needlessly, but to place before the learner the two general forms for keeping a check book employed by the average business man. Both forms have their advantages. (Teacher should explain.)

In the form on page 117 note particularly the following changes:

1. The amounts of the checks are not carried to the left stub at all.
2. The aggregate of all deposits, and the checks separately, are added and subtracted, respectively, on the right stub.
3. All deposits are fully itemized on the left stub.
4. All notes, drafts, etc., charged or credited to a depositor's account are fully explained on the left stub.

Pay the bill of Thorp, Martin & Thorp (Form 3) for books, stationery, etc., by check.

Put the bill in your *Paid Bills* envelope. Write the check and hand it in. Debit Expense in the cash book.

Secure a policy of insurance from the Manhattan Fire Insurance Co. for $12,000 on store, goods, and fixtures at $1\frac{1}{3}\%$ premium. Pay

Form of Check Book

19—							
July 1	Dep. ey.		60	50	Deposited July 1	5260	50
	sk.		5200				
			5260	50	No. 1		
					Date, July 1, 19—		
					To Wm. Farley		
					For inv. of June 20		
					Amount, $	1250	00
						4009	50
July 3	Our acceptance in favor of C. K. Jones charged		1000		Acceptance, July 3	1000	
						3009	50
					No. 2		
					Date, July 5, 19—		
					To C. W. Gray		
					For in full of acct.		
					Amount, $	500	00
						2509	
July 6	C. O. Bond's note collected by Bank Collection		1260		Note, July 6	1258	75
						3767	75
			1	25	No. 3		
			1258	75	Date, July 10, 19—		
					To J. W. O'Brien		
					For inv. of July 2		
					Amount, $	401	
					Forward	3367	75

the premium by check in favor of Chas. M. Shaw, general agent for your place. Charge Expense.

The policy, it is assumed, was received and filed yesterday.

NOTE. — A policy of insurance is simply an insurance company's contract with the insured. Such a contract usually covers the following:

1. Premium paid by the insured.
2. Term of insurance.
3. Amount of insurance.
4. Description of the property insured.
5. Extent of the company's liability, etc.

This agreement is usually signed by the president and secretary of the company as well as by the local agent of whom you obtain it.

Engage Harry K. Sutton at $60 and Harvey L. Grant at $50 per month as salesmen; Michael Donovan at $30 per month as delivery man; Daniel L. Coon and Geo. W. Ainsley at $48 and $40 per month, respectively, as upholsterers and finishers. (Journal memorandum only.)

THINGS TO OBSERVE IN WRITING LETTERS ORDERING GOODS

1. Arrange the items one on a line.
2. Give shipping directions in out-of-town orders.
3. In case of a first order:
   a. Give satisfactory references.
   b. State how you intend to pay.
4. When you name prices state at what point you expect the goods F.O.B.
5. Always be definite with regard to the quality and quantity of the things ordered.
6. State the purpose for which the goods are intended. (The teacher should explain under what circumstances this is necessary.)
7. State, if necessary, when the goods must reach you.

Write letters ordering the following goods:

1. Of Cobb, Bates & Co., 62 Portland St., City, the goods outlined in Form 4.

   Give references and ask for their best cash discount. Hand in the letter after you have inclosed it in an envelope properly addressed.

NOTE. — In this set no entry will be made at the time of ordering goods. Almost all of the orders are to out-of-town firms, and sufficient time is allowed to elapse for the student to receive the invoice and goods before making any entry.

2. Of William Leavens & Co., 32 Canal St., New York City, the goods outlined in Form 15.

   Offer to honor their sight draft in 10 days for the amount of the bill less the regular discount for payments within 10 days.

Give New York City references, as you are a stranger to this firm.

3. Of C. W. Allen & Co., 46 Merrimac St., Trenton, N.J., the goods outlined in Form 14.

You have had dealings with this firm before and expect their regular terms.

4. Of Derby Mfg. Co., 17 Portland St., City, the goods outlined in Form 5.

Ask them to allow you their usual discount, and draw on you for the amount of the bill at 10 days from the date of same.

5. Of W. H. Stearns & Co., Chicago, Ill., the goods outlined in Form 9.

Tell them that you will honor their 30-day draft for one-half the bill, and will pay the balance in 60 days.

Cancel your indebtedness to the Paine Mfg. Co., Bedford, by a sight draft on Samuel W. Bradley of the same place.

Write a letter of remittance and inclose it with the above draft in an envelope properly addressed to the Paine Mfg. Co. Also write a letter to Samuel W. Bradley, notifying him that you have drawn upon him at sight.

The two following forms are suggestive of what the above letters should contain:

1

Boston, Mass., May 25. 19—.

O. M. Behrns & Co.,
Syracuse, N.Y.

Gentlemen:

Inclosed find a sight draft on K. P. Shedd of your city, drawn in your favor, for Three Hundred Fifty (350) Dollars, in full settlement of account to date.

Kindly acknowledge its receipt, and oblige

Very truly yours,
E. R. Gaylord & Co.,
per *M.*

2

Boston, Mass., May 25, 19—.

Mr. K. P. Shedd,
Syracuse, N.Y.

Dear Sir:

We have this day drawn upon you at sight, in favor of O. M. Behrns & Co., of your city, for Three Hundred Fifty (350) Dollars.

Kindly honor the draft upon presentation and oblige

Very truly yours,
E. R. Gaylord & Co.,
per *M.*

Hand in the letters. Make an entry in the journal.

JULY 2

David E. Teeter, 360 Main St., City, writes ordering as follows:

10 #5932 Empire Toilet Tables	3 #89 M. Chamber Sets
1 #16A Comp. Dining-room Set	2 #1008 Oak Sideboards
1 #396 Mahogany Hall Stand	

Fill the order. Terms: 3/5, 1/30, net 60 days.

Make out the bill, copy it in the sales book, and hand it in.

Benj. P. Freeman & Co., 924 East St., City, write ordering the following goods:

12 #170 Eng. Clothes Poles	12 #495 W. Iron Bedsteads
5 #245 Cedar Chests	25 #821 Parlor Lamps

Fill the order. Terms: sight draft in 10 days, less 3%.

Make out the bill, have it approved by your teacher, and copy it in the sales book. Be sure to deduct the discount on the bill as well as in the sales book. Draw a sight draft in favor of yourself and date it ahead 10 days. Write "To be given to the bank July 12" on a slip of paper, pin the slip to the draft, and place both in the *Business Cash* envelope. Make no entry for the draft.

NOTE. — Some accountants prefer to wait until the 10 days are up before drawing the draft. It is considered better, however, to draw the draft at the time of billing the goods, since the matter may be overlooked if it is deferred 10 days.

Walker, Brown & Co., Albany, write ordering as follows:

5 #20 D Parlor Cabinets	10 #835 Music Cabinets
24 #176 C Piano Chairs	15 #821 Parlor Lamps

Fill the order. Terms: draft at 30 days from date.

The goods called for in the above order will be sent by freight, and it will be necessary for you to prepare a shipping order and shipping receipt similar in form to the model which follows:

Shipping Receipt

BOSTON, MASS., *July 5*, 19—.

Received from *C. H. Williams & Co.*

By THE COMMERCIAL TRANSPORTATION CO.

The property described below, in apparent good order, except as noted (contents and condition of contents of packages unknown), marked, consigned, and destined as indicated below, which said Company agrees to carry to the said destination, if on its road, otherwise to deliver to another carrier on the route to said destination.

It is mutually agreed, in consideration of the rate of freight charged for this service, as to each carrier of all or any of said property over all or any portion of said route to destination, and as to each party at any time interested in all or any of said property, that every service to be performed hereunder shall be subject to all the conditions, whether printed or written, herein contained, and which are hereby agreed to by the shipper and by him accepted for himself and assigns as just and reasonable.

Consignee *J. W. Masten & Co.*

Destination *Springfield, Mass.*

MARKS	Quantity	ARTICLES	WEIGHT Subject to Correction
	100	*Roman Chairs*	
	100	*Fancy Rockers*	

For the corporation,

_____ Freight Agent

THINGS TO BE OBSERVED IN PREPARING BILLS OF LADING

1. In actual business a freight agent must be in possession of the goods to be shipped before he will sign a freight receipt.

2. These receipts, commonly called *bills of lading*, are sometimes drawn up in sets of three, but more generally in sets of two. The first is generally stamped *Shipping Order* and is signed by the shippers and filed by the freight agent for reference should a question arise with regard to the shipment at any time; the second is generally stamped *Shipping Receipt* and is signed by the freight agent, returned to the shippers, and mailed by them to the person to whom the goods are shipped.

When these receipts are drawn up in sets of three the third is generally stamped *Duplicate*, is the same as the shipping receipt in every way, and is retained by the shippers for reference in case the goods shipped are miscarried, or anything of that sort.

3. Parties to whom goods are shipped are generally required to present the shipping receipt before the goods are delivered. Should any transportation company deliver the goods without first obtaining a shipping receipt drawn payable to order, it renders itself liable to the shippers for the full value of the goods so delivered.

4. These receipts are sometimes drawn payable to the order of a third party, in which case they pass hands by indorsement, the same as any negotiable instrument. This point will be more fully illustrated later on.

5. A shipping receipt drawn up in the regular way is not negotiable.

Sign the shipping order just made and take the shipping receipt to your freight agent or teacher for signature. Place the shipping receipt with the invoice, inclose both in an envelope addressed to Walker, Brown & Co., and hand them in. The shipping order is left with the freight agent.

These bills of lading should be made out as above for all merchandise sold to out-of-town customers.

Draw a draft payable 30 days from the date of the bill, in favor of yourself, and record it in your bill book. Indorse the draft properly and leave it with your bank for collection. See explanation in connection with the draft illustrated on page 94. It should be borne in mind that Walker, Brown & Co. have agreed to accept the draft, and that you do not doubt its being honored in due course.

Make no entry in the check book. Some banks would enter paper left for collection in "short" in the pass book; *i.e.*, enter a record of the paper but not extend the amount into the money column, as follows:

July	2	Dft. on Day Bros., Troy, $692.50		

In this work no entry will be made in the pass book except for paper accepted for deposit or placed to your credit.

Make an entry in the journal the same as if the draft were in your possession accepted.

Leave W. D. Rimbach's acceptance at the bank for collection.

Indorse it properly, and make the proper entry in the *Date Sent to Collect* column of the bill book.

JULY 3

J. E. Bender, City, has agreed to honor your sight draft, in favor of Stoddard & Co., for $300.

Write the draft and the letters and hand them in. Make the proper entry in the journal.

The Metropolitan Carting Co. has just delivered to you the goods ordered of Cobb, Bates & Co. on the 1st.

Look up the invoice (Form 4). Enter in the invoice book. (See illustration, page 108.)

THINGS TO BE OBSERVED WHEN ENTERING PURCHASES IN THE INVOICE BOOK

1. In actual business **never** enter a bill in the invoice book until the goods have been received. Sometimes it may happen that more than one bill is sent for the same lot of goods, or perhaps a bill is sent and the goods not delivered.

2. When the goods have been received the invoice for the same should be looked up and compared with the articles delivered.

3. If everything called for on the invoice has been received, the bill should next be compared with the order to find out whether or not you have received the goods you wrote for.

4. If the items on the bill tally with the order, next see if the prices and terms are what you bargained for.

5. Examine the extensions of the invoice carefully and, if everything is found correct, paste the bill in the invoice book.

6. If your checking shows any irregularities on the bill or in the goods received, do not paste the invoice in the invoice book, but hold it, and immediately notify the parties of whom you are purchasing the goods of any errors.

The goods ordered of Derby Mfg. Co. have been delivered.

Look up the invoice (Form 5) and the accompanying draft (Form 6). Handle the invoice the same as the one just entered. Accept the draft payable at Union Bank, and enter in the journal and bill book. Put the draft in an envelope properly addressed and hand it in.

W. D. Rimbach's acceptance has been collected. Go to the bank and have the amount placed to your credit in your pass book. Make the following record on the left stub of your check book.

July	3	W. D. Rimbach's acceptance collected	450

Add the amount to the balance in the bank, and credit Bills Receivable on the left-hand side of the cash book. Make the proper record in the bill book.

JULY 5

Pay by check J. O. Moran's sight draft (Form 7) on you, in favor of himself, for $200.

Enter in the check book and cash book. Be sure to hand in all outgoing papers.

Samuel W. Bradley, 126 James St., Bedford, writes ordering the following goods:

5 #3116 Antique Card Tables	3 #1008 Oak Sideboards
6 #687 Ornamental Tables	5 #169c Library Tables

Fill the order. Terms: draft at 30 days, in favor of yourself, for the amount of the bill.

Make out a shipping order and receipt. Write the draft and have it approved. Fold properly the bill, freight receipt, and draft, place them in an addressed envelope, and hand them in. Sales-book record only. No entry for the draft until it has been returned accepted.

Telegraph Randall Mfg. Co., 126 East 126th St., New York, ordering:

50 #65 Turkish Rockers	10 #57 Reclining Couches
5 #73 Sofa Beds	

Do not use more than twenty words for the message.

Write the telegram and hand it to your teacher for approval. Pay 75¢ charges in currency. Debit Expense in the cash book.

Telegrams now play a very important part in the daily routine of nearly all large business establishments, and the ability to write clearly and in a few words the ordinary message is a very desirable qualification for a business man.

The following is suggestive of the general wording and form of telegrams:

THE UNION TELEGRAPH CO.

INCORPORATED

15,000 OFFICES IN AMERICA. CABLE SERVICE TO ALL THE WORLD.

W. H. ARMISTEAD, President and General Manager.

Receiver's No.	Time Filed	Check

SEND the following message subject to the terms on back hereof, which are hereby agreed to. Boston, Mass., July 1, 19

To Wm. M. Brown & Co.,

New York City.

		Ship	fast
freight	twenty	number	sixty
library	tables		
		Manning,	Ball & Co.

READ THE NOTICE AND AGREEMENT ON BACK.

THINGS TO BE OBSERVED IN WRITING TELEGRAMS

1. Omit salutation, complimentary closing, and all superfluous words. Avoid such expressions as "Ship immediately by American Express," etc. Here, and in all similar expressions, such words as *immediately*, *at once*, etc., are entirely unnecessary. A telegram in itself implies urgency.

2. Make all messages as short as possible, but clear and definite. A fixed charge is made for all messages, except cable messages, not exceeding ten words, and for every word in excess of that number there is an additional charge. All charges are regulated somewhat by distance.

3. No charge is made for the name and address of the person who is to receive the message, or for the name of the sender.

4. In writing his address, the sender of a message should never include a street number, or anything of that kind. A charge is made for everything in the address

except the name of the city or town, state, and date. If you are not generally known in a large city or town, give the sending operator your street address, and answers will be promptly delivered, and no additional charge made for street number, etc.

5. Numbers should be written out in full since the charge is the same for a figure as for a word. For example, "Send by fast freight 20 #1000 mahogany library tables" would be counted as fourteen words, while "Send fast freight twenty number one thousand mahogany library tables" would be counted as ten words.

6. Except in a cable message, each part of a hyphenated compound word is counted as an entire word. For instance, *twenty-five* would be counted as two words.

7. Each initial of a name is charged as a separate word; but a few abbreviations are counted as one word; as, F.O.B., C.O.D., A.M., P.M., etc.

8. In cable messages a charge is made for the name and address of the one to whom the message is sent as well as for the message.

9. Many kinds of cipher language are used to guard the secrecy and reduce the expense of messages. This plan is found very serviceable when the cost of transmission is great, or when very important matters are to be telegraphed without giving information except to those entitled to it. Almost all cable messages are in cipher. To telegraph or cable in cipher, business men employ what is called a *code*, — a system of abbreviations in which a single word stands for a whole phrase or sentence; as, **Autumn** might stand for "Knowlton, Beach & Co., Butleigh, Glastonbury, England," or "We arrived here this morning," or any other thing understood by both the sender and receiver of a telegram or cable message.

10. All messages of importance should be repeated. For one-half the original cost of a telegram the sender of any message can have the receiving operator repeat it to the operator who first sent it. Errors in important telegrams are in this way avoided.

11. Night messages are taken at reduced rates. These are sent at any time after 6 P.M., and are not delivered until the next morning.

JULY 7

J. E. Bender, 127 Main St., Troy, writes ordering the following goods:

15 #396 Mahogany Hall Stands 9 #68 Oak Bookcases
10 #76A Oak Chamber Sets

Fill the order. Terms: 3/5, 2/10, net 30 days. (See similar transaction, July 5.)

JULY 8

Receive a check (Form 8) from J. E. Bender for the amount of invoice of the 7th, less 3%.

Take the check and from it make an entry on the left side of the cash book. Except in amounts, your entry will be as follows:

8	J. E. Bender	Inv. of 7th, less 3%	30		970

JULY 10

The Metropolitan Carting Co. has just delivered the goods shipped to you by W. H. Stearns & Co., Chicago, Ill.

Look up the invoice (Form 9) and paste it in the invoice book. Accept the draft (Form 10), place it in an envelope addressed to W. H. Stearns & Co., and hand it to your teacher. Make the proper records in the bill book and journal.

Samuel W. Bradley, Bedford, writes inclosing your draft of the 5th (Form 11), on him, accepted, together with an acceptance (Form 12) payable 30 days from July 12, drawn on J. E. Farley, City, in favor of himself, for $179. Form 12 is transferred to you by full indorsement.

Take the drafts and make the proper entries in the bill book and journal, after which place them in the *Unpaid Bills* envelope.

Telegraph S. T. Udell & Co., Chicago, Ill., asking them to ship you by fast freight:

11 #10 China Closets 19 #50 Mah. Parlor Tables

Write the telegram and hand it in. Limit the message to fourteen words. Pay 75¢ charges in currency. Charge Expense in the cash book.

JULY 11

G. H. Ingalls & Co., Springfield, write ordering:

25 #20 Corner Chairs 25 #17A Roman Chairs

They inclose you a New York draft (Form 13) to cover the cost of the order.

Fill the order. Terms: cash, less 3%.

Make out the bill deducting the 3% allowed for cash. Fill out the usual shipping order and receipt. Enter in the sales book.

Enter the draft in the cash book. Make no record of the discount in the cash book for this transaction, as the parties have been charged with only the proceeds of the bill in the sales book.

JULY 12

Deposit in the bank the check on hand; also the New York draft and the sight draft on Benj. P. Freeman & Co. Collection $\frac{1}{10}\%$ on the check.

NOTE. — Banks usually charge their depositors a small fee for collecting out-of-town checks. This fee is rarely over $\frac{1}{10}\%$. There is no uniform custom in the matter of charging for checks, sight drafts, and the various other negotiable instruments

offered for collection. Nearly always a small charge is made for collecting any paper payable out of town. These charges range from $\frac{1}{10}\%$ to $\frac{1}{4}\%$. As a rule no charge is made to a regular depositor for collecting paper payable in the city. Frequently, when a customer keeps a large bank account, no charge whatever is made for collecting checks. The student will be instructed when the bank makes any charges.

Make out a deposit ticket, deducting the collection. Indorse the check, etc., properly and make the proper entry in the check book. Be sure to give Benj. P. Freeman & Co. credit for the sight draft, for no entry was made at the time of drawing the draft. Debit Collection and Exchange for the bank's charges.

July 12

Leave J. B. Maxwell's note at the bank for collection; also discount Samuel W. Bradley's acceptance for invoice of the 5th, and receive credit for the proceeds.

Take J. B. Maxwell's note, which you will find in the *Unpaid Bills* envelope, and indorse it properly.

Take Bradley's acceptance, also in the *Unpaid Bills* envelope, and indorse it properly. Make out a discount memorandum for the acceptance.

Form of Discount Memorandum

DISCOUNT MEMORANDUM

Date *July 15,* 19—

Discounted for *Wm. K. Miner*

Maker *Roger Williams*

Indorser

Face, $*500.*^{00} Interest, $ Total, $*500.*^{00}

Discount *60 da.* $*5.*^{00} Coll., $ Total, $*5.*^{00}

Net Proceeds, $*495.*^{00}

Pin the discount memorandum and the acceptance together, place them and Maxwell's note in your pass book, and hand them to your

bank teller or teacher, who will place the proceeds of the acceptance to your credit if you have computed the discount correctly.

No record of Maxwell's note is made in the pass book. Make a record of the acceptance on the left stub of your check book similar to the following:

July	12	Samuel W. Bradley's	
		acceptance	500
		Less discount	5
			495

Add the proceeds to your bank balance on the right stub of your check book.

Credit Bills Receivable on the left-hand side of the cash book for the face of the note; then debit Interest and Discount on the right-hand side for the discount deducted.

Give Cobb, Bates & Co. a check for invoice of the 3d, less the discount allowed for prompt payment.

Write the check, hand it in, and make the proper entry in the cash book. The entry in the cash book will be the same as the following except in amounts.

12	Cobb, Bates & Co.	Inv. of the 3d, less 3%	39	26	1269	24

Receive the goods ordered of C. W. Allen & Co. (Form 14) on the 1st.

Make the proper entry in the invoice book.

July 13

The Metropolitan Carting Co. has delivered the goods ordered of William Leavens & Co.

Look up the invoice (Form 15) and record it in the invoice book. Note that W. L. & Co. have deducted their regular cash discount on the invoice. You will receive their sight draft on you in about 10 days.

Remit C. W. Allen & Co. a check for invoice of the 9th, less the discount allowed for prompt payment.

Also order the following:

5 #59 A Cheval Glasses 17 #572 Drawing-room Suits

Write the check, and have it approved. Enter in the cash book. Write a letter, inclosing the check and ordering the goods named above. Hand in the letter.

Your acceptance in favor of Derby Mfg. Co., made payable at your bank, is due to-day. Bank charges the amount to your account.

UNDER WHAT CIRCUMSTANCES A BANK WILL CHARGE A DEPOSITOR WITH A NOTE OR DRAFT

1. Banks are not uniform in their practice of charging notes, accepted drafts, etc. In some places, notably in Chicago and several other large western cities, they require their patrons to meet all such paper by check.

2. The practice most generally followed is for a bank to pay notes, acceptances, etc., out of a firm's deposit, and charge the depositor the same as they would had he drawn a check. Court decisions and special laws in force in a number of states hold that notes, acceptances, etc., made payable at a bank are orders upon that bank and may be charged to a depositor's account at maturity the same as a regular check.

3. These special laws and decisions are in operation in New York, Massachusetts, Connecticut, and a few other states. In these states nearly all banks charge notes, etc., to their patrons' accounts at maturity. This is the practice followed in this text.

Make a record of the draft on the left stub of the check book similar to the following:

July	13	Acceptance in favor of Derby Mfg. Co. charged	1500

On the right check stub subtract the amount of the acceptance from the balance you have in the bank.

Make an entry on the right side of your cash book. Make the proper record in the bill book.

JULY 15

Your bank has received cash for J. B. Maxwell's note and interest due to-day.

Go to the bank and have the amount placed in your pass book. Make a record of note on the left stub of the check book as follows:

July	15	J. B. Maxwell's note collected	500	
		Interest	2	50
			502	50

Add the amount of the note and interest to your bank balance.

Make the proper cash-book entry.

Accept, payable at your bank, Stoddard & Co.'s draft (Form 16) in favor of themselves, at 15 days from July 14, for $400.

Do not date the acceptance. Why? Make the proper journal and bill-book entries and hand in the draft.

Receive of E. F. Green & Co. a draft (Form 17) drawn in your favor, payable 30 days from July 14, on H. B. Claflin & Co., City, for $400.

Present the draft to your teacher, who will accept it for H. B. Claflin & Co. Enter in the bill book and journal.

Receive the goods ordered of Randall Mfg. Co. on the 5th.

Look up the invoice (Form 18) and paste it in the invoice book.

July 16

Give Randall Mfg. Co. your check for the amount of their invoice of the 8th, less 3%.

Write the check and hand it in. Enter in the cash book.

July 17

M. N. Overman, 493 King St., Albany, writes ordering:

3 #693 Antique Wardrobes 30 #65 Turkish Rockers
3 #73 Sofa Beds

References are satisfactory and you fill the order. Terms: 3/10, 1/30, net 60 days.

Make out the bill and have it approved. If correct, copy it in the sales book. Make out a shipping order and receipt. Place the receipt and the bill in an envelope and hand them in.

Receive a telegraphic order from Chas. B. Lyman, Springfield, for:

4 pr. Blue Chenille Curtains 5 pr. #91 Lace Curtains

The goods are to be shipped by express C.O.D.

Make out a receipted bill, place it in a *C.O.D.* envelope properly filled out, and hand it to your teacher for approval. Enter in the sales book as follows:

C.O.D. Accounts				
(Chas. B. Lyman, Springfield)				
Terms: cash				
4 pr. Blue Chenille Curtains	5.00	20		
5 pr. #91 Lace Curtains	6.00	30		50

When you post the above to your ledger, debit Chas. B. Lyman under C.O.D. Accounts as follows:

C.O.D. Accounts

July	17	Chas. B. Lyman	6		50				

JULY 18

Receive the goods ordered of S. T. Udell & Co., Chicago, on the 10th. Look up the invoice (Form 19) and paste it in the invoice book.

JULY 19

P. R. Brown, Rochester, writes ordering:

25 #635 Brass Bedsteads 25 #6387 Hall Settles

Fill the order C.O.D., subject to the order of your bank.

DRAFT WITH BILL OF LADING ATTACHED

For the convenience of shippers in sending goods to parties when the responsibility or credit of the buyer is limited or where his business standing is unknown, railway and steamship companies have provided a way whereby goods may be sent by freight so that the buyer cannot obtain possession of them without first paying for them.

This method is commonly known among business men as *Shipper's Order*, and is analogous to C.O.D. shipments in the express business, as explained in the transaction for July 17.

Make out a bill in the regular way, writing for terms *subject to order of bank.*

Make out a shipping order and receipt. See that they are properly signed. In the column for consignee's name and destination write:

Order of
Union Bank,
(Your address).

Notify
P. R. Brown,
Rochester.

Write a draft for the amount of the shipment, indorse it properly, and attach it to the bill of lading. Take them to your bank for collection.

Send the invoice to your customer in the regular way.

Enter the sale in the sales book the same as explained for the C.O.D. shipment of July 17. No entry for the draft until the bank has collected it.

HOW YOUR BANK WILL MAKE COLLECTION

Your bank will indorse both the draft and the bill of lading, and send them to its correspondent at Rochester.

When the Rochester bank receives the draft it will notify Brown. If he pays the draft, the bank will give him the freight receipt, which receipt, when properly indorsed and given to the transportation company, will give him access to the goods.

Transportation companies will not deliver goods without obtaining a bill of lading, for they would thereby render themselves liable to the shippers should the consignee not pay for the goods.

JULY 22

Pay William Leavens & Co.'s sight draft (Form 20) in favor of themselves, for the amount of the invoice of the 11th.

Take the draft and find if the amount is correct. If it is, write a check to cover the same, and make the proper entry in the cash book.

Receive returns for the C.O.D. shipment of the 17th.

Take the money out of the *C.O.D.* envelope (Form 21) and place it in the *Business Cash* envelope. Enter in the cash book as follows:

Left Side

22	C.O.D. Accounts	Chas. B. Lyman	50

JULY 23

Receive a check (Form 22) of David E. Teeter, in full for invoice of the 2d, less 1%.

Examine the check. If the amount is correct, make the proper entry in the cash book.

Receive of M. N. Overman, Roger, Peet & Co.'s acceptance at 30 days from July 15, to apply on account, $469.39.

Take the draft (Form 23). It has 22 days yet to run and so is not worth its face value. The discount for 22 days at 6% should be deducted. Make the proper records in the journal and bill book.

July 24

Write a letter to J. K. Levy & Co., 27 East 126th St., New York, ordering:

15 #693 Antique Wardrobes

Inclose a New York draft to cover the amount, less 2%. Buy the draft by check. Exchange, 50¢.

Write a check to cover the draft and exchange. (See form, page 87.)

Take the New York draft (Form 24) and, if the amount is correct, indorse it (see form, page 89) and debit J. K. Levy & Co. in your cash book for the amount; also debit Collection and Exchange for the exchange. Inclose the draft in the letter and hand it in.

July 25

Your acceptance in favor of C. O. Boswell, and your note with interest for one month, in favor of Allen & Bailey Furniture Co., have been charged to your account at the bank.

Make the proper entries in the cash book, bill book, and check book.

Chas. B. Sherman, 23 West Ave., Rochester, writes ordering:

50 #15 Cane-seat Dining Chairs
25 #16 K Leather-seat Dining Chairs
3 #2229 Oak Dining Tables
16 #3016 Fancy Rockers

References are satisfactory and you fill the order. Terms: sight draft in 30 days for the amount of the bill, less 1%.

Make out the bill, shipping order, and receipt. Copy the bill in the sales book. Place the bill and receipt in an envelope and hand them in. Draw a sight draft, dated ahead 30 days, in favor of yourself, for the amount of the bill, less 1%. Treat the draft the same as the one drawn on Benj. P. Freeman & Co. at the bottom of page 120.

The Metropolitan Carting Co. has delivered to you the goods ordered of C. W. Allen & Co. on the 13th.

Look up the invoice (Form 25) and paste it in the invoice book.

Draw cash, $75, for private use.

Take $75 out of the *Business Cash* envelope and place it in the *Personal Cash* envelope. Enter in the cash book.

July 27

Pay by check Stoddard & Co.'s sight draft (Form 26) in favor of themselves, for $150.

Write the check and place the draft in the *Paid Bills* envelope. Enter in the cash book.

Deposit the check and all the cash on hand. Be sure to make the proper indorsements before offering any paper for deposit.

David E. Teeter, City, placed the following order with you over telephone this morning:

15 #16 B Brass Easels 19 #68 Oak Bookcases
5 #20 D Parlor Cabinets

Fill the order. Terms: 3/5, 1/30, net 60 days.

Pay by check Metropolitan Carting Co.'s bill for freight and drayage to date, $213.70.

Examine the bill (Form 27). Write the check. Debit Merchandise for the amount.

July 29

Pay gas bill for the month by check, $7.07.

Examine the bill (Form 28). Write the check and make the proper entry.

Pay salaries to date by checks as follows:

Harry K. Sutton	$60	Michael Donovan	$30
Harvey L. Grant	50	Daniel L. Coon	48
Geo. W. Ainsley	$40		

Write the checks and have them approved. Charge Expense in the cash book.

July 30

Your acceptance of the 15th in favor of Stoddard & Co., made payable at the bank, has been charged to your account.

Make the proper entries in the cash book, check book, and bill book.

Closing the Work for July

The student should now proceed to close the month's work as follows:

1. Have your pass book written up.

2. Prove the cash, balance and post the cash book. (See model, pages 110 and 111.)

In posting from the cash book, observe the following:

a. In debiting or crediting personal accounts when a discount has been allowed, be guided by the following form:

Williams, Dowd & Co.

19—							19—						
July	1	Discount	42				June	28	I. B.	6	2100		
		N.Y. draft	2058	9	2100			30	I. B.	9	592	60	
							July	15	I. B.	16	1241	60	

b. Post only the totals of the Merchandise Discounts columns. The total of the column on the left side should be posted to the debit of Merchandise Discounts in the ledger, because that column shows the aggregate discounts allowed to others for prepaying their bills during the month of July. The total of the column on the right side should be posted to the credit of Merchandise Discounts, because that column contains a record of all discounts allowed to you for prepaying your bills during July.

3. In posting give your account one page; all property accounts one-half page each; all accounts receivable and payable one-third page each. Write the property accounts on pages 1 to 7 inclusive; accounts receivable, on pages 8 to 11 inclusive; accounts payable, on pages 12 to 15 inclusive.

4. Rule, foot, and post the sales book and the invoice book.

5. Post the journal.

6. Prove the bill book.

NOTE. — To prove bill book, find the total of the uncanceled Bills Receivable. This sum should agree with the balance of the Bills Receivable account in the ledger.

In like manner find the total of the unredeemed Bills Payable, and the sum should agree with the balance of the Bills Payable account in the ledger.

7. Make out monthly statements of customers' accounts. Place them in envelopes properly addressed and hand them in for approval. (See form for statement, page 139.)

8. Take a trial balance of the differences of your ledger accounts and hand it to your teacher for approval.

9. Inventory of stock was completed by Harvey L. Grant and Harry K. Sutton yesterday. The following are their figures. Copy in the journal in the usual form, using buying prices for the merchandise.

INVENTORIES, JULY 31, 19—

Merchandise:

5 #3116 A. Card Tables	10 pr. #91 Lace Curtains
17 #2546 A. Library Rockers	5 #16 L. Dressing Cabinets
4 #693 Antique Wardrobes	19 #50 M. Parlor Tables
25 #635 Brass Bedsteads	20 #626 M. Office Chairs
10 #16 B Brass Easels	10 #396 M. Hall Stands
150 #15 Cane-seat Dining Chairs	2 #89 M. Chamber Sets
5 #59 A Cheval Glasses	7 #2229 O. Dining Tables
10 #71 A Child's Cribs	12 #73 Oak Writing Desks
10 #20 Corner Chairs	5 #68 Oak Bookcases
9 #16 A C. Dining-room Sets	5 #20 D Parlor Cabinets
15 #10 China Closets	10 #57 Reclining Couches
17 #572 Drawing-room Suits	12 #73 Sofa Beds
12 #3016 Fancy Rockers	5 #5926 S. Book Cabinets
12 #36 B Gentlemen's Chiffoniers	20 #65 Turkish Rockers
10 #6387 Hall Settles	24 #27 C W. W. Mattresses
250 #16 K L. Dining Chairs	24 #16 Wool Mattresses
5 #169 C Library Tables	12 #495 W. I. Bedsteads

Office Fixtures:		
Estimated cost	$450.	
Depreciation	4.50	
		$445.50
Horse and Wagon:		
Estimated cost	$450.	
Depreciation	45.	
		$405.
Real Estate		$7000.
Expense:		
Unexpired insurance		$145.

10. Make the usual statements of losses and gains and resources and liabilities.

The statement of losses and gains for this set is a little more complicated than any of those previously made. The following is suggestive of the form to be used.

Statement of Losses and Gains, July 31, 19—

	Mdse.	On hand July 1			7500		
	Mdse.	Bought during July			9200		
	Freight and Drayage	Bill for July			400		
	Mdse.	Sales for July				9650	50
	Mdse.	On hand July 31, per inv.				8690	50
	Gain on Mdse.	*Carried below*			*1241*		
					18341	18341	
	Gain on Mdse.	From above				1241	
	Mdse. Disc.	On purchases				150	20
	Mdse. Disc.	On sales			90	20	
	Int. and Disc.	Allowed to us				25	50
	Int. and Disc.	Allowed by us			9	50	
	Expense	Cost	490				
	Expense	Unearned insurance	100		390		
	Coll. and Exch.	Paid during July			2		
	Depreciation as under						
	(*a*) Office Fixtures	On account of use			5		
	(*b*) Horse and Wagon	On account of use			25	50	
	(*Student's*) *Net Gain*	*For July*			*894*	*50*	
					1416	70	1416	70

11. Make out a statement proof.

From this point of the work on to the end of the text the student will omit the usual balance sheet. When this sheet is omitted the statements of the business should be proved.

Statement Proof, July 31, 19—

	(Student's) investment			6000	
	(Student's) withdrawals	250			
	(Student's) net gain per statement			894	50
	(*Student's*) *present worth per statement*	*6644*	*50*		
		6894	50	6894	50

12. Hand your statements of losses and gains and resources and liabilities and your proof to your teacher for approval.

13. If your statements and proof are correct, close the property accounts, the Loss and Gain account, and the Proprietor's account.

14. Compare your pass book with your check book.

HOW TO COMPARE THE PASS BOOK WITH THE CHECK BOOK

1. Arrange the canceled checks in the order of their numbers.

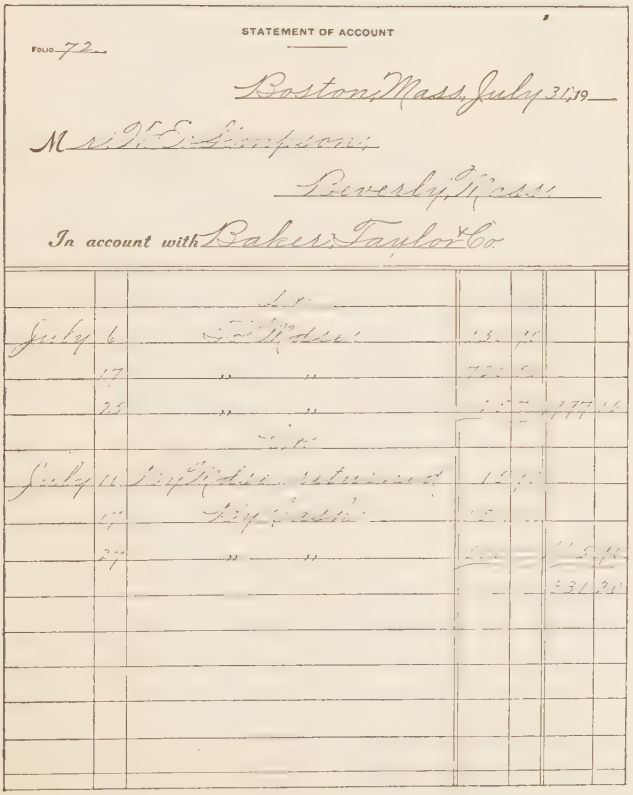
2. Beginning with No. 1, compare each canceled check and the corresponding stub. Where there are no discrepancies write *O.K.* on the stub in red ink.

3. If all the stubs are O.K.'d, the balance shown by the check book should agree with the balance shown by the pass book.

4. If the balances do not agree, find the total of the stubs not O.K.'d. This sum should equal the difference between the check-book and pass-book balances.

15. Place the canceled checks in the *Paid Bills* envelope.

16. Pass all your books to your teacher for approval.



STATEMENT OF ACCOUNT

Folio 72

Boston, Mass. July 31, 19

Mrs. P. E. Simpson

Beverly, Mass.

In account with Baker, Taylor & Co.

Memoranda of Transactions for August

August 1

This is a continuation of the work in July.

You are desirous of extending your business, and not having sufficient capital to do so, you have decided to enter into a partnership agreement with Harvey L. Manning.

For the resources enumerated below you admit Harvey L. Manning as an equal partner in your business.

Cash	$7000
Stock of Furniture	1500
Account with Foley Bros.	5725

Draw up articles of copartnership between yourself and Manning embodying the following conditions. (See Form V in the Appendix.)

1. The firm name shall be (Student) & Co.
2. Student shall contribute the net resources shown by his July statement of resources and liabilities.
3. Manning shall invest:

Cash	$7000
Mdse.	1500
Account with Foley Bros.	5725

4. Each partner shall devote his entire time to the business.
5. Neither partner shall engage in any other business.
6. The gains and losses shall be divided equally.
7. The partnership shall continue for two years unless sooner dissolved by mutual consent.

Hand the articles of copartnership to your teacher for criticism. If they are correct, he will sign for Harvey L. Manning.

Model for Briefing

Articles of Copartnership
between
(Student)
and
Harvey L. Manning.
Aug. 1, 19—.

Make a copy of your July statement of resources and liabilities, attach it to the articles of copartnership, fold the sheets together, and in the outer right-hand corner at the top brief as above.

NOTE. — Some business men prefer to make the reference to investments in the articles of copartnership cover merely the net amounts put into the business by each partner, and then transfer all rights and interests in goods and personal property by means of a bill of sale. However, if the articles of copartnership are drawn up in accordance with the above directions, the bill of sale is wholly unnecessary. Each partner should receive a copy of the articles of copartnership.

Real property cannot be safely transferred by the ordinary bill of sale or by articles of copartnership. A deed is necessary. In order not to multiply complicated forms at this point of the work, it is assumed that the student's real estate has been transferred by a warranty deed drawn up this day by Attorney Fred V. Smith and placed on file in the office of the new firm.

Ordinarily a business man would not draw up his own warranty deeds, articles of copartnership, etc., but would employ an attorney well qualified to make real estate transfers, give advice on copartnership affairs, etc.

When any change in the personnel of a business occurs, all having dealings with the house should be promptly notified, by means of circular letters or otherwise. In this case it is assumed that these letters have been written and mailed.

BUSINESS FORMS FOR AUGUST

Prepare the following forms. Remember that the business is conducted under the firm name of (Student) & Co.

Form 29: Check of Harvey L. Manning, dated City, Aug. 1, drawn on Traders National Bank, in favor of your firm, for $7000.

Form 30: Invoice of J. K. Levy & Co., New York City, dated July 31. Terms: cash, less 2%.

15 #693 Antique Wardrobes

Deduct the discount from the amount of bill and receipt per your initials.

NOTE. — Bill the above to your name. The order was filled and the invoice mailed before the announcement with reference to the change in your business had been received.

Form 31: New York draft, dated Olean, Aug. 1, drawn by Union Bank of Olean, on Chemical National Bank of New York, in favor of M. L. Covey & Co., for $283.72, W. D. Byron, Cashier. Transferred to (Student) & Co. by full indorsement.

Form 32: Draft on your firm by Stoddard & Co., in favor of Curry, Browning & Co., dated City, Aug. 3, payable at 10 days' sight for $1500.

Form 33: Invoice of Cobb, Bates & Co., City, dated Aug. 3. Terms: 3/10, net 30 days. Items as follows:

25 #5932 Empire Toilet Tables 18 #1008 Oak Sideboards
25 #76 A Oak Chamber Sets

Remember that all goods bought are now billed to your firm.

Form 34: Invoice of Derby Mfg. Co., City, dated Aug. 3. Terms: draft at 10 days for the amount, less 2%. Items as follows:

5 #16 A Comp. Dining-room Sets 5 #693 Antique Wardrobes
10 #89 Mahogany Chamber Sets

Deduct the 2% discount. Do not receipt the bill.

Form 35: Draft of Derby Mfg. Co., City, on your firm, in favor of themselves, for the net amount of the above invoice, dated Aug. 3, payable at 10 days' sight.

Form 36: Invoice of C. W. Allen & Co., Trenton, N. J., dated Aug. 3. Terms: 2/30, net 60 days. Items as follows:

20 pr. Blue Chenille Curtains 20 pr. #91 Lace Curtains

Form 37: Check of David E. Teeter, City, dated Aug. 6, drawn on Traders National Bank in favor of (Student) & Co., for (No. 1, $589.30; No. 2, $621.47; No. 3, $605.38; No. 4, $698.20; No. 5, $534.85).

Form 38: Bill of Ward, Macey & Co., dated City, Aug. 6, for 1 letter file and cabinet, $65. Terms: cash.

Receipt the bill.

Form 39: Bill of Tracy Coal Co. to Harvey L. Manning, dated Aug. 6, for 3 tons of coal at $5. Terms: cash.

Receipt the bill.

Form 40: *C.O.D.* envelope. Get $22 and place it in the envelope. Data for the envelope as follows: amount of invoice, $22; amount to be returned, $22; from (Student) & Co.; on J. W. Clark, Waltham; date, Aug. 5.

Form 41: Check of David E. Teeter, City, dated Aug. 9, drawn on Traders National Bank, in favor of your firm, for (No. 1, $1248.87; No. 2, $1070.64; No. 3, $1031.84; No. 4, $1010.01; No. 5, $884.15).

Form 42: New York draft, dated City, Aug. 11, drawn by Union Bank, in favor of your firm, on Chemical National Bank, New

York, for (No. 1, $438.55; No. 2, $565.95; No. 3, $460.60; No. 4, $518.42; No. 5, $441.98), Chas. H. Palmer, Cashier.

Form 43: Sight draft of S. T. Udell & Co. on your firm for $479.50, dated Chicago, Ill., Aug. 10; drawn payable to W. D. Lapham.

Form 44: Check of J. E. Bender, dated Troy, Aug. 11, drawn on Traders National Bank, in favor of your firm, for (No. 1, $920.95; No. 2, $784.73; No. 3, $743.57; No. 4, $800.17; No. 5, $768.56).

Form 45: Draft of J. O. Moran, drawn on your firm, in favor of Geo. L. Jones, dated City, Aug. 13, payable in 60 days from date, for $1900.

Form 46: Check of Walker, Brown & Co., dated Albany, Aug. 12, drawn on Traders National Bank, in favor of your firm, for (No. 1, $712.95; No. 2, $665.42; No. 3, $832.74; No. 4, $615.95; No. 5, $1020.92).

Form 47: Check of H. B. Claflin & Co., dated City, Aug. 13, drawn on Traders National Bank, in favor of your firm, for $400.

Form 48: Invoice of C. W. Allen & Co., Trenton, N.J., dated Aug. 14. Terms: 2/30, net 60 days. Items as follows:

50 #176 c Piano Chairs	20 #6387 Hall Settles
25 #835 Music Cabinets	50 #170 English Clothes Poles

Form 49: Invoice of Cobb, Bates & Co., City, dated Aug. 22. Terms: 3/10, net 30 days. Items as follows:

25 #16 L. Dressing Cabinets	25 #36 B Gentlemen's Chiffoniers
25 #5932 Empire Toilet Tables	

Form 50: Invoice of Fowler Furniture Co., Rochester, dated Aug. 22. Terms: cash, less 2%. Items as follows:

10 #245 Cedar Chests	10 #2229 Oak Dining Tables
10 #687 Ornamental Tables	15 #17 A Roman Chairs

Deduct the discount and receipt the bill.

Form 51: New York draft, dated Springfield, Aug. 24, drawn by Union Bank of Springfield, on Chemical National Bank, New York, in favor of G. H. Ingalls & Co., for (No. 1, $732.35; No. 2, $1080.34; No. 3, $1102.16; No. 4, $889.97; No. 5, $676.28), A. R. Sheffield, Cashier. Transferred to your firm by full indorsement.

Form 52: Check of Samuel W. Bradley, Bedford, dated Aug. 26, drawn on Traders National Bank, in favor of your firm, for (No. 1, $1587.60; No. 2, $1487.15; No. 3, $1297.27; No. 4, $1654.73; No. 5, $1434.72).

Form 53: Note of Chas. B. Sherman, Rochester, dated Aug. 25, drawn at 30 days, with interest at 6%, in favor of your firm, for (No. 1, $352.69; No. 2, $295.76; No. 3, $262.35; No. 4, $271.01; No. 5, $195.52).

Form 54: Draft of Traders National Bank, Bangor, dated Aug. 26, drawn on Chemical National Bank, New York, in favor of your firm, for (No. 1, $454.06; No. 2, $320.11; No. 3, $283.30; No. 4, $312.51; No. 5, $327.95), W. H. Gould, Cashier.

Form 55: Invoice of William Leavens & Co., New York, dated Aug. 27. Terms: sight draft in 10 days for the amount of the bill, less 2%. Items as follows:

25 #5926 Secretary Book Cabinets 40 #68 Oak Bookcases
50 #396 Mahogany Hall Stands

Form 56: Bill of the Metropolitan Carting Co., City, dated Aug. 31. Items as follows:

Aug. 1, Freight and Cartage,	$24.25
" 16, Freight and Cartage,	57.50
" 22, Cartage,	8.50
" 23, Freight and Cartage,	43.50
" 30, Freight and Cartage,	139.50

Receipt the bill.

Place the above forms in your *Incoming Papers* envelope and hand them to your teacher for approval.

Memoranda of Transactions for August (*Continued*)

August 1

Draw a check in favor of (Student) & Co., on Union Bank, for the amount of your balance on deposit. Have the check approved, and place it in the *Business Cash* envelope.

Receive Harvey L. Manning's check on Traders National Bank (Form 29) for the amount of his cash investment.

Carry the July balance to a new page in the cash book. On the first line below, credit Manning for his cash investment.

Indorse the two checks on hand and deposit them in Union Bank in the name of the new firm. Make a memorandum in the journal setting forth the change in the personnel of the business. Make a journal entry for the merchandise and the personal account invested by Manning.

Your bank reports that the draft on P. R. Brown, attached to bill of lading, has been collected. Collection, $1.75.

Have the amount entered in your pass book. Make the proper record on the left stub of your check book, and add the amount to the firm's bank balance. Enter in the cash book the same as the C.O.D. shipment to Lyman, July 22. Debit Collection and Exchange for the $1.75 collection.

The Metropolitan Carting Co. has delivered to you the goods (Form 30) ordered of J. K. Levy & Co. on the 24th.

Draw a cash check for office expenses, $25. Ask for $5 in change. Enter in the check book only.

Telegraph C. W. Allen & Co., Trenton, N.J., ordering:

20 pr. Blue Chenille Curtains 20 pr. #91 Lace Curtains

Write the telegram, limiting the message to fifteen words. Pay the charges in cash, 60¢.

Draft drawn on Walker, Brown & Co., July 2, and left at the bank for collection, has been paid. Collection, $1.50.

Have the bank make the proper record in your pass book. Enter in the check book and cash book. Consult your teacher if in doubt as to your cash-book record. Make the proper record in the bill book.

August 2

J. E. Bender, Troy, writes ordering:

50 #15 Cane-seat Dining Chairs 5 #495 W. Iron Bedsteads
10 #16 Wool Mattresses 5 #65 Turkish Rockers
50 #16 K L. Dining Chairs 3 #73 Sofa Beds
3 #626 Mahogany Office Chairs

Fill the order. Terms: 3/5, 2/10, net 30 days.

M. L. Covey & Co., Olean, write ordering:

3 #396 Mahogany Hall Stands 2 #68 Oak Bookcases
3 #20 Corner Chairs

Fill the order. Terms: cash, less 3%. Make out the shipping order and receipt. Deduct the discount in the sales book and on the bill.

New York draft (Form 31) was inclosed in payment for the order. Make a cash-book entry for the draft.

NOTE. — But few special instructions will be given the student for entering the transactions outlined for this month. He is supposed to be sufficiently familiar with the different books and the various transactions recorded therein to proceed without a guide. If in doubt at any time, he should consult his teacher.

Place the following orders over telephone:

Cobb, Bates & Co., City, order for:

25 #5932 Empire Toilet Tables 25 #76 A Oak Chamber Sets
18 #1008 Oak Sideboards

Derby Mfg. Co., City, order for:

10 #89 Mahogany Chamber Sets 5 #693 Antique Wardrobes
5 #16 A Complete Dining-room Sets

Make a memorandum in the journal for the above orders. Consult your teacher.

NOTE. — Some memoranda should be made for every order placed as above. Where these orders are of frequent occurrence a special order book is employed. In this set the memoranda for all orders placed over telephone may be written in the journal.

AUGUST 3

Draw a draft, payable at 30 days' sight, on J. E. Bender, for the amount you owe W. H. Stearns & Co.

Write a letter to W. H. Stearns & Co. and inclose the draft.

Make the proper entry in the journal.

Write a letter to J. E. Bender stating that you have drawn upon him. (See similar transaction, July 1.) Hand in both letters.

Accept, payable at Union Bank, Stoddard & Co.'s draft (Form 32) on your firm, in favor of Curry, Browning & Co., drawn at 10 days' sight, for $1500.

Make entries in the journal and bill book and hand in the draft.

You have received the goods (Form 33) ordered of Cobb, Bates & Co. on the 2d.

Goods ordered of Derby Mfg. Co. (Form 34) have been delivered.

Accept the accompanying draft (Form 35), payable at Union Bank, and make the proper journal and bill-book entries. Hand in the draft.

Goods ordered of C. W. Allen & Co. (Form 36) on the 1st have been received.

August 5

A telegraphic order has been received from Henry L. Miller, Providence, for:

15 #5932 Empire Toilet Tables 15 #1008 Oak Sideboards

Fill the order C.O.D., subject to the order of your bank, less 2%. Deduct the discount on the bill and treat the same as you did the shipment to P. R. Brown, July 19.

Telegraphic order has been received from J. W. Clark, Waltham, for:

2 pr. #91 Lace Curtains 2 pr. Blue Chenille Curtains

The goods are to be shipped by express C.O.D.

Treat the same as you did the order of Chas. B. Lyman, July 17.

David E. Teeter, City, has given you the following order over the telephone:

5 #5932 Empire Toilet Tables 10 #693 Antique Wardrobes
3 #396 Mahogany Hall Stands 3 #1008 Oak Sideboards

Fill the order. Terms: 3/5, 1/30, net 60 days. Enter in the sales book as usual.

August 6

Receive of David E. Teeter check (Form 37) for invoice of July 27, less 1%.

Pay by check Ward, Macey & Co.'s bill (Form 38) for letter file and cabinet for use in the office, $65. Also pay by check Charles B. Hanley for sundry repairs, $10.50.

Charge Office Fixtures for the file and cabinet.

Pay by check Tracy Coal Co.'s bill (Form 39) for coal for private use of Harvey L. Manning, $15.

Leave J. E. Farley's acceptance, received July 10, at the bank for collection.

Make a memorandum in the bill book only.

Deposit the check and New York draft on hand.

August 8

Acceptance in favor of W. H. Stearns & Co., due to-day, has been paid by the bank.

Enter in the cash book, check book, and bill book.

Write a letter to C. W. Allen & Co., Trenton, N.J., ordering the following:

50 #176 c Piano Chairs
50 #170 English Clothes Poles
25 #835 Music Cabinets
20 #6387 Hall Settles

August 9

Benj. P. Freeman & Co., City, write ordering:

5 #10 China Closets
5 #495 White Iron Bedsteads
10 #16 Wool Mattresses
5 #65 Turkish Rockers
2 #5926 Secretary Book Cabinets

Fill the order. Terms: sight draft in 10 days for the amount, less 3%. Treat the same as you did their order of July 2.

Walker, Brown & Co., Albany, write ordering:

5 #89 Mahogany Chamber Sets
15 pr. #91 Lace Curtains
5 pr. Blue Chenille Curtains
2 #16 A Comp. Dining-room Sets

Fill the order. Terms: 3/5, net 30 days.

J. B. Cox & Co., Somerville, write ordering:

7 #572 Drawing-room Suits
5 #3016 Fancy Rockers
3 #59 A Cheval Glasses
12 #2546 Ant. Library Rockers

Fill the order. Terms: 20-day draft for the amount of the bill. Treat the same as the order of Walker, Brown & Co., July 2.

Receive returns (Form 40) for C.O.D. shipment of the 5th.

Enter in the cash book under C.O.D. accounts.

August 10

Receive a check from David E. Teeter (Form 41) for the amount of the bill of Aug. 5, less 3%.

August 11

Your bank has collected J. E. Farley's acceptance due to-day. Take your pass book to the bank and receive credit for the amount.

Leave the acceptance of Rogers, Peet & Co. at the bank for collection; also deposit $20 currency and the check on hand.

You receive frequent calls for a line of furniture manufactured by the Fowler Furniture Co., Rochester. From their catalogue you have made the following selections:

10 #687 Ornamental Tables
10 #2229 Oak Dining Tables
10 #245 Cedar Chests
15 #17 A Roman Chairs

Write a letter ordering the above and inclosing a New York draft to cover the amount, less 2%. Give references, state something about the volume of your business, and ask for their best terms.

Write the check and receive the draft (Form 42). The bank makes no charge for the draft.

Enter in the cash book.

AUGUST 12

Pay by check S. T. Udell & Co.'s sight draft (Form 43), on you, in favor of W. D. Lapham, $479.50.

Receive of J. E. Bender, Troy, a check (Form 44) for invoice of the 2d, less 2%.

AUGUST 13

Accept J. O. Moran's draft (Form 45) payable 60 days from date, in favor of Geo. L. Jones, for $1900.

NOTE. — Be sure to hand in all outgoing papers, unless otherwise instructed.

Receive of Walker, Brown & Co. a check (Form 46) for the invoice of the 9th, less 3%.

Receive a check (Form 47) of H. B. Claflin & Co. for their acceptance due to-day.

Make the following record in red ink on the face of the draft and hand it to your teacher:

Paid in full 8/13,
(Student) & Co.,
per (student's initials).

Enter in the cash book.

Your acceptances, in favor of Curry, Browning & Co. and Derby Mfg. Co., respectively, which are due to-day, have been paid by the bank.

AUGUST 15

Deposit the checks on hand and the currency received from C.O.D. shipment Aug. 9. Collection on checks, $1.50.

Your bank informs you that the acceptance of Rogers, Peet & Co., due yesterday, has been paid.

Have your bank record the amount in your pass book. Be sure to make the proper records in the cash book, check book, and bill book.

Your bank informs you that the draft on Henry L. Miller has been paid. Collection, $3.50. Enter in the cash book and check book. Have the bank record the amount in your pass book.

August 16

The Metropolitan Carting Co. has this day delivered to you the goods ordered of C. W. Allen & Co. (Form 48) on the 8th.

E. F. Green & Co., Bangor, write ordering the following:

15 #176 c Piano Chairs	5 #835 Music Cabinets
15 #170 English Clothes Poles	5 #6387 Hall Settles

Rumors are current to the effect that the resources of E. F. Green & Co. are at a very low ebb, and you think it advisable not to sell them anything on account. Prepare the usual shipping order and receipt. Make a sight draft on E. F. Green & Co. in favor of yourselves for the amount of the invoice, less 5 %, and attach it to the bill of lading. Deduct the discount on the bill and in the sales book.

You send the draft and the bill of lading direct to Traders National Bank, Bangor, for collection this time. Write a letter inclosing the draft, and hand it in.

August 17

Prepay your acceptance in favor of Geo. L. Jones by check.

Deduct the discount for the time the acceptance has to run, and make a check for the proceeds. Have your teacher return the draft to you properly canceled.

August 18

Give C. W. Allen & Co. a check for the invoice of the 14th, less 2%.

August 19

Take the draft on Benj. P. Freeman & Co., dated Aug. 9, from your *Business Cash* envelope, indorse it properly, and deposit it in the bank. Make the proper entries in the cash book and check book.

August 20

Samuel W. Bradley, Bedford, writes ordering:

5 #36 B Gentlemen's Chiffoniers	10 #27 c W. Wire Mattresses
150 #16 K L. Dining Chairs	50 #15 C. Dining Chairs

Fill the order. Terms: 3/5, 2/10, net 30 days.

This morning's mail brought the following order from G. H. Ingalls & Co., Springfield:

5 #2546 Antique Library Rockers	5 #635 Brass Bedsteads
5 #626 Mahogany Office Chairs	5 #572 Drawing-room Suits

Fill the order. Terms: 3/5, 2/10, net 30 days.

Remember the shipping order and receipt that must be made for all out-of-town orders.

Give Cobb, Bates & Co. the following order over telephone:

25 #36 B Gentlemen's Chiffoniers 25 #5932 Empire Toilet Tables
25 #16 Ladies' Dressing Cabinets

AUGUST 22

Write a letter to William Leavens & Co., New York City, ordering:

50 #396 Mahogany Hall Stands 40 #68 Oak Bookcases
25 #5926 Secretary Book Cabinets

The Metropolitan Carting Co. has delivered the goods ordered of Cobb, Bates & Co. (Form 49) on the 20th.

M. N. Overman, Albany, writes ordering:

10 #50 Mahogany Parlor Tables 10 #10 China Closets

Fill the order. Terms: 3/10, 1/30, net 60 days.

AUGUST 23

Give Cobb, Bates & Co. a check for the invoice of the 22d, less 3%.

You and your partner each draw from the business $150 by check.

Hand in Manning's check. Get yours cashed at the bank and place the currency in your *Personal Cash* envelope.

Pay Chas. O. Rigdon by check $52.50 for stabling and feeding your horses. Also pay James Lundergan by check $9.20 for horse-shoeing, etc.

The Metropolitan Carting Co. has delivered to you the goods ordered of the Fowler Furniture Co. (Form 50) on the 11th.

AUGUST 24

Chas. B. Sherman, Rochester, writes ordering:

5 #5932 Empire Toilet Tables 5 #50 Mahogany Parlor Tables

He proposes to give you his note at 30 days, with interest at 6%, for the amount of the bill, less 1%.

Fill the order. Terms: 30-day note with interest, less 1%. Deduct the discount on the bill and in the sales book.

Take the sight draft on Chas. B. Sherman, dated to-day, from your *Business Cash* envelope, and deposit it in the bank together with all the cash on hand. Collection on the draft, $1.20.

Enter in the cash book.

August 25

Receive of G. H. Ingalls & Co. a New York draft (Form 51) in payment for the invoice of the 20th, less 3%.

August 26

Receive of Samuel W. Bradley his check (Form 52) on Traders National Bank for invoice of the 20th, less 2%.

August 27

Receive of Chas. B. Sherman his note (Form 53) dated Aug. 25, in favor of your firm, for the net amount of the invoice of the 24th.

Receive a New York exchange (Form 54) from Traders National Bank, Bangor, for the amount of the sight draft on E. F. Green & Co., Aug. 16, less 75¢ collection.

August 30

Deposit the check and the two New York drafts on hand. Collection on Bradley's check, $1.50.

Your bank informs you that the draft drawn on J. B. Cox & Co., Aug. 9, has been paid. Collection, 50¢.

Make entries in the cash book, check book, and bill book.

The Metropolitan Carting Co. has delivered to you the goods ordered of William Leavens & Co. (Form 55) on the 22d.

Deposit in Union Bank the note received of Chas. B. Sherman on the 27th.

The bank gives you credit for the face of the note.

Make entries in the cash book, check book, and bill book.

Note. — It is customary for many banks to give depositors credit for the face of interest-bearing notes discounted within a few days after they are drawn up.

August 31

Give J. L. Bidwell & Son a check for $125 for one carriage horse to be charged to the account of Harvey L. Manning.

Pay by check bill (Form 56) for freight and drayage to date, $273.25. Charge Merchandise in the cash book.

Pay salaries to date by checks as follows:

Harry K. Sutton	$60	Michael Donovan	$30
Harvey L. Grant	50	Daniel L. Coon	48
Geo. W. Ainsley	$40		

Closing the Work for August

The student should now proceed to close the month's work as follows:

1. Have the pass book written up and compare it with the check book.
2. In posting give all new accounts one-third of a page.
3. Rule, foot, and post the sales book and the invoice book.
4. Prove the cash and balance and post the cash book.
5. Prove the bill book.
6. Make out monthly statements for customers.
7. Make a trial balance of the differences of your ledger accounts and hand it to your teacher for approval.
8. Inventory of everything on hand has been completed by Mr. Sutton. A statement of it follows. Copy it on the journal in the usual way.

Inventories, Aug. 31, 19—

Merchandise:

5 #3116 Antique Card Tables	12 #626 M. Office Chairs
14 #693 Antique Wardrobes	4 #50 M. Parlor Tables
10 #16 B Brass Easels	54 #396 M. Hall Stands
20 #635 Brass Bedsteads	17 #89 M. Chamber Sets
13 pr. Blue Chenille Curtains	20 #835 Music Cabinets
10 #245 Cedar Chests	25 #76 A Oak Chamber Sets
50 #15 Cane-seat Dining Chairs	10 #687 Ornamental Tables
2 #59 A Cheval Glasses	17 #2229 Oak Dining Tables
10 #71 A Child's Cribs	12 #73 Oak Writing Desks
7 #20 Corner Chairs	43 #68 Oak Bookcases
25 #16 A C. Dining-room Sets	5 #20 D Parlor Cabinets
5 #572 Drawing-room Suits	35 #176 C Piano Chairs
25 #5932 Empire Toilet Tables	10 #57 Reclining Couches
35 #170 English Clothes Poles	15 #17 A Roman Chairs
7 #3016 Fancy Rockers	9 #73 Sofa Beds
32 #36 B G. Chiffoniers	28 #5926 Sec. Book Cabinets
25 #6387 Hall Settles	10 #65 Turkish Rockers
50 #16 K L. Dining Chairs	14 #27 C W. Wire Mattresses
5 #169 C Library Tables	4 #16 Wool Mattresses
13 pr. #91 Lace Curtains	2 #495 White Iron Bedsteads

30 #16 Ladies' Dressing Cabinets

Office Fixtures:

Estimated cost	$515.
Depreciation	5.15
	$509.85

Horse and Wagon:		
Estimated cost	$450.	
Depreciation	60.	
		$390.
Real Estate:		
Cost	$7000.	
Depreciation	350.	
		$6650.
Expense:		
Unexpired Insurance		$130.

9. Make statements of resources and liabilities and losses and gains and have them approved.

Show each man's net gain on the statement of losses and gains and each man's present worth on the statement of resources and liabilities.

10. If the statements prove to be correct, close the ledger as follows:

a. Close the property accounts into Loss and Gain account.

b. Close the Loss and Gain account into the Proprietors' account. The following is a model for closing the Loss and Gain account where there is more than one proprietor.

Loss and Gain

19—						19—					
Aug.	31	Expense	2	26	60	Aug.	31	Mdse.	4	1250	
	31	Int. and Disc.	7	10			31	Mdse. Discs.	6	52	60
	31	*J. E. K.'s Net Gain*	*1*	*683*			31	Real Estate	5	100	
	31	*W. O. R.'s Net Gain*	*1*	*683*							
				1402	60					1402	60

c. Close the Proprietors' accounts.

d. Rule the personal accounts that balance.

e. To give your ledger a more finished appearance, close all other accounts by *Balance*.

11. Hand in all your books and vouchers to your teacher for examination.

DISSOLUTION OF PARTNERSHIP

It has been decided to dissolve the partnership existing between yourself and Harvey L. Manning. You dispose of your interest to Manning for the following:

A note at 60 days, with interest at 6 %, for $7500.

A check for the balance of your present worth as shown by your ledger account after closing, Aug. 31.

Make out the note and have your teacher sign for Manning. Make out the check. Make the proper journal, cash-book, and bill-book entries. Post the entries to the ledger. Close your account in the ledger.

Harvey L. Manning is to carry on the furniture business as usual at the old stand under the firm name of Harvey L. Manning. He is to have the net resources and assume all the liabilities of the old firm.

Draw a check in favor of Harvey L. Manning for the balance of cash in the bank in the name of the old firm and hand it in.

It is assumed that your attorney, Fred V. Smith, has drawn up the contract of sale and warranty deed necessary to transfer title to all the personal chattels and the real estate to Manning. These documents it is assumed are on file with other important papers. In subsequent work the student will be given drills on many difficult forms that are purposely omitted at this point.

Consequences of Dissolution of Partnership. — The direct consequence of a dissolution of partnership is the necessity of taking effectual steps to wind up the partnership affairs. Some disposition must always be made of the partnership effects. Sometimes articles of copartnership provide that property on hand shall at dissolution be taken by one of the partners according to a prescribed mode, and in that case the business may go on without interruption. In this case there was no such agreement, but the partners between themselves entered into an arrangement whereby Manning goes on with the business and Student, for a sufficient consideration, consents to withdraw.

Notice of Dissolution. — A dissolution of partnership, so far as it concerns its own members, may be immediate, but in reference to the public the element of notice comes in for consideration.

When Notice is Unnecessary. — A notice of dissolution is unnecessary:

1. When a partnership expires by its own limitation.
2. When a partnership is dissolved by operation of the law.
3. When dissolution occurs by the death of one of the partners.
4. When a dormant partner retires.

Manner of giving Notice. — A notice of dissolution should be published in one of the usual advertising newspapers of the place where the business was carried on. This notice is deemed sufficient as to all those who have not had previous dealings with the firm.

A special notice of the dissolution should be given to those who have had previous dealings with the firm. (See Form III in the Appendix.)

Prepare a notice of your withdrawal from the firm. (See Form II in the Appendix.) Hand in the notice.

It is assumed that a notice of dissolution has been inserted in one of your usual advertising newspapers, and that circulars embodying the facts stated in the notice have been mailed to each of the firms with whom you have had dealings. After writing the circular the work of sending it to the various firms is purely mechanical, and it is thought best not to require the student to do all this work at this point.

After notices have been circulated as outlined above your liability, so far as new debts are concerned, ceases.

GENERAL REVIEW QUESTIONS

1. Under what circumstances would a gain or loss on real estate be likely to occur? 2. What are the principal advantages claimed for the invoice book? 3. Explain the posting of (*a*) the separate bills in the invoice book; (*b*) the weekly, monthly, or quarterly totals of the invoice book. 4. Explain the advantages of the bill book. How is it proved? 5. What provision was made in the cash book of Set V for merchandise discounts? What are the principal advantages of these special columns? Explain how they are posted. 6. Explain the meaning of "3/5, 1/30, net 60 days." 7. What is a discount memorandum? 8. In which column of the sales book should discounts be deducted? Why? 9. Define and differentiate merchandise discounts and interest and discount. 10. What is a bill of lading? How are these receipts usually drawn? What is done with each copy drawn? 11. Are bills of lading assignable by indorsement? 12. Should transportation companies ever deliver goods without receiving the bill of lading? Why? 13. Explain the meaning of the following terms: (*a*) C.O.D.; (*b*) F.O.B.; (*c*) shipper's order. 14. Describe the usual method of making a shipment by express C.O.D. 15. Briefly outline the usual process for entering C.O.D. shipments (*a*) in the sales book; (*b*) in the ledger. 16. What means have railway and steamship companies provided for shipping goods by freight C.O.D.? Explain this method fully. 17. Would you deposit a draft attached to a bill of lading for shipper's order in your local bank, or would it be more desirable to forward the same to a bank located in the place to which goods have been consigned? 18. Is a business worth any less after it has paid one of its own non-interest-bearing notes? Why? 19. Is a firm worth any less after it has paid one of its own interest-bearing notes? If so, how much? Why? 20. A man began business with resources $7000 and liabilities $6000. One year later his books show liabilities $7000 and resources $6000. What has been his net gain or loss?

Price List for September and October

ARTICLE	DESCRIPTION	HOW PUT UP FOR SALE	COST	SELLING PRICE
Baking Powder	Royal	Cases of 1 doz. 1-lb. cans	$3.60 case	$4.80
" "	Cleveland's	" " "	3.50 case	4.50
Beans	Lima	Bulk	3.25 bu.	3.50
"	New York Medium	"	2.50 bu.	2.75
Butter Color		Boxes	1.50 box	2.00
Cocoa	Baker's	1-lb. cans	.48 lb.	.60
"	Huyler's	½-lb. and 1-lb. cans	.43 lb.	.58
Coffee	Plain Rio	125 lbs. to bag	.24 lb.	.28
"	Genuine Mocha	150 lbs. to bale	.20 lb.	.24
"	Fancy Java	75 lbs. to mat	.23 lb.	.30
Chocolate	Hasty Lunch	24 1-lb. tins in box	.29 lb.	.35
"	Baker's	12 1-lb. tins in box	.27 lb.	.34
Crackers	Oyster	60 lbs. to bbl.	.08 lb.	.10
"	Cream Soda	" "	.06 lb.	.08
Candy	Stick	Pails	.12 lb.	.14
"	Standard Mixed	"	.10 lb.	.12
"	Empire Chocolate Drops	5-lb. boxes	.07 lb.	.10
"	Peppermint Creams	30-lb. pails	.04 lb.	.06
"	Mixed Creams	Pails	1.40 pail	2.10
Diamond Salad Dressing		Cases of doz. bottles	.90 case	1.20
Evaporated Fruits	Apricots	25-lb. boxes	.08 lb.	.10
" "	Apples	50-lb. boxes	.04½ lb.	.06
" "	Raspberries	Bulk	.17 lb.	.22
Fish	Cream Codfish	40-lb. boxes	.07½ lb.	.09
"	No. 1 Mackerel	20-lb. pails	1.80 pail	2.40
Flour	Roller Process	Barrels	3.50 bbl.	4.75
"	Searchlight Pastry	"	3.35 bbl.	4.50
"	Puritan Pancake	Cases of 20 5-lb. sacks	.12 sack	.15
"	Chef Pastry	" " "	.15 sack	.18
Horse-radish		Cases of 1 doz. bottles	.65 case	.90
Insect Powder		Boxes	.16 box	.24
Mucilage		Boxes of 3 doz. bottles	.90 box	1.20
Matches	Gates	3-gro. pkgs.	.90 pkg.	1.20
"	Parlor	1-gro. boxes	1.15 box	1.53
Molasses	Porto Rico	Bbls. of 50 gals.	.25 gal.	.30
"	New Orleans	" "	.30 gal.	.36
Mixed Pickles		Doz. bottles	1.70 doz.	2.20
Oatmeal	Cedar Rapids	Barrels	4.50 bbl.	6.00
"	H. O.	24 2-lb. pkgs. in box	2.35 box	3.10
Olives		Pint cans	2.20 doz.	2.75
Raisins	London Layer	20-lb. boxes	.07 lb.	.10
"	California	50-lb. boxes	.07 lb.	.09½
Sugar	Standard A	325-lb. bbls.	.04 lb.	.05
"	Fine Granulated	" "	.05 lb.	.06
"	White C	330-lb. bbls.	.03 lb.	.04½
"	Brown C	300-lb. bbls.	.02½ lb.	.03½
Soap	Sunlight	Boxes of 100 bars	3.00 box	4.00
"	Wool	Boxes of 100 cakes	3.00 box	4.00
"	Water Lily	Boxes	1.70 box	2.20
Salt	Ice Cream	200-lb. bags	.57 bag	.75
"	Lehigh Lump	280-lb. bbls.	1.50 bbl.	1.75
Starch	Golden Grain	160-lb. bbls.	.03 lb.	.04
"	Hoyt's Wheat	" "	.05 lb.	.06½
"	Laundry	" "	.02½ lb.	.03¾
Tea	Choice Japan	75 lbs. to half chest	.26 lb.	.35
"	Medium Young Hyson	70 lbs. to half chest	.21 lb.	.28
"	Finest Oolong	60 lbs. to half chest	.35 lb.	.51
Tapioca	Pearl	Bulk	.03 lb.	.04½
"	Flake	"	.03½ lb.	.04¾
"	Rio	"	.06 lb.	.09
Yeast Cakes	National	Pkgs. of 1 doz. cakes	.37½ pkg.	.50
" "	Sunlight	Pkgs. of 3 doz. cakes	.75 pkg.	1.00

SET VI — WHOLESALE GROCERY BUSINESS

The **Object** of this set is to illustrate in a brief way a system of accounting adapted to general wholesaling.

Special Features. — Among the special features of the set are:

1. Introduction and use of:
   - *a.* Auxiliary ledgers.
   - *b.* Special-column cash book.
   - *c.* Special-column journal.
   - *d.* Proprietors' private accounts.
2. Adjustment of interest on the proprietors' accounts.
3. Helpful suggestions bearing upon business correspondence.

The **Books** employed are the cash book, sales book, invoice book, journal, general ledger, purchase ledger, sales ledger, bill book, and check book.

The bill book and check book employed are the same as in preceding sets.

Form for making Closing Entry in Sales Book

	20 pkgs. S. Yeast Cakes	1.05	21				
	500 lbs. P. Tapioca	4¢	20				
	25 bbls. R. P. Flour	4.75	118	75			
	40 doz. bottles M. Pickles	2.25	90			572	98
	16						
24	J. M. Martin & Co., Albany.						
	2/10, net 30 days						
	25 bxs. W. L. Soap	2.00	50				
	5 bbls. C. R. Oatmeal	5.50	27	50			
	5 bbls. S. P. Flour	4.25	21	25			
	150 gals. P. R. Molasses	30¢	45				
	150 gals. N. O. Molasses	40¢	60			203	75
	Total sales for month					6762	95
14	Accounts Receivable		6762	95			
16	To Mdse.					6762	95

Sales Book. — This book is the same as previously explained, except in the matter of posting. The amounts of the various sales are posted separately to the debit of the personal accounts in the sales ledger, and

the total sales are regularly posted to the debit of Accounts Receivable and to the credit of Merchandise in the general ledger.

The sales book of some large concerns is provided with an extra column for cash sales, the various amounts in this column not being posted to the sales ledger, but the total entered in the cash book daily and credited to the Merchandise account at regular intervals. The general practice, however, is to treat all cash sales to regular customers exactly the same as sales on account, the goods being charged to the customer from the sales book and his account credited through the cash book for the cash received. The latter practice is followed throughout the intermediate portion of this text. The arguments in favor of it are:

1. In most wholesale houses cash is generally understood to mean payments made at any time within five or ten days.

2. Wholesale houses generally would not be justified in quoting the same terms to all customers. Customers who buy in large quantities would be given better terms than those who buy in small quantities. As a basis for determining the best possible terms, a customer's ledger account should be consulted. These accounts would be incomplete, and would not furnish the proper information along this line, if the cash sales were not entered in the customers' accounts in the ledger.

3. In some cases a customer, for good business reasons, might call for a statement of all his transactions for a year, and it would be to any dealer's advantage to be able to furnish such a statement readily.

Cash Book. — The cash book used in this set is designed to illustrate the desirability of using special columns to meet the requirements of certain lines of business. The model cash book on pages 160 and 161 is self-explanatory.

The first two columns on the left are reserved for receipts from customers on account. With the exception of being for purely personal items, these columns are the same as illustrated in Set V. The separate items in these columns are credited to the customers in the sales ledger. At the end of the month, or as often as it may be found desirable, the total of the first column is posted to the debit of Merchandise Discounts and to the credit of Accounts Receivable in the general ledger. (See page 160.)

The total of the proceeds column is posted to the credit of Accounts Receivable in the general ledger.

All receipts of cash, aside from the items from personal accounts, are entered in the *General* column on the left side of the cash book.

Cash Receipts, September, 19—

DATE		F	ACCOUNT TO BE CREDITED	EXPLANATION	ACCOUNTS RECEIVABLE				GENERAL	
					DISC. DR.		AMOUNT RECEIVED			
Sept.	1		Balance	In bank					13500	
	1	1	R. R. Traver	Investment					5500	
	2	3	Bills Rec.	Note of W. E. Frey					1200	
	3	14	W. A. Harman	Inv. Aug. 6, less 2%	10		490			
	6	16	F. E. Gardiner & Co.	Inv. Aug. 30, less 3%	38	70	1251	30		
	9	18	Tenny Bros. & Co.	Inv. Aug. 30, less 3%	46	80	1513	20		
	12	3	Bills Rec.	Note of R. O. Cook					900	
	12	5	Int. and Disc.	Int. on above note					9	
	16	3	Bills Rec.	Note of J. H. Bair					1200	
	16	5	Int. and Disc.	Int. on above note					6	
	21	20	W. M. Fair	Inv. Sept. 3, less 3%	34	20	1105	80		
	22	21	Sam'l W. Hershey	Inv. Sept. 4, less 2%	8		392			
	25	24	Williams, Harding & Co.	Inv. of July 15			356	39		
	27	36	F. E. Rogers	Inv. of July 30			392	51		
	29	32	W. W. Baker & Co.	Inv. of Sept. 16, less 3%	45		1455			
	30	8	Mdse. Disc.	Total discounts allowed	*182*	*70*				
		12	To Accts. Rec.	on sales for month						
	30	12	Accts. Rec.	Rects. on account for month			6956	20	6956	20
									29271	20

Cash Payments, September, 19 —

DATE		F	ACCOUNT TO BE DEBITED	EXPLANATION	ACCOUNTS PAYABLE		EXPENSE		COLL. AND EXCH.		GENERAL	
					DISC. CR.	AMOUNT PAID						
Sept.	1	✓	Expense	Rent for Sept.			150					
	1	✓	Expense	Insurance premium			120					
	1	✓	Expense	Bill for stationery, etc.			27	50				
	2	37	Jordan, Marsh & Co.	Inv. Aug. 16, less 2%	42	2058						
	2	✓	Coll. and Exch.	On foreign checks					2	15		
	4	39	N. P. Pond & Co.	Inv. Aug. 31, less 3%	30	970						
	5	16	Bills Pay.	Note chgd. at bank							1000	
	5	5	Int. and Disc.	Int. on above note							10	
	6	✓	Coll. and Exch.	On foreign checks					3			
	9	47	A. B. Curtice & Co.	Inv. July 10		395 62						
	9	54	C. O. Bond & Co.	Inv. July 16		1193 64						
	11	✓	Expense	Stamps			5	42				
	11	✓	Expense	Office stationery			16	98				
	12	9	Mdse.	Freight Aug. 1 to Sept. 1							169	50
	13	✓	Coll. and Exch.	On foreign checks					1	65		
	15	✓	Expense	Telegram				75				
	16	✓	Expense	Traveling salesman			125					
	17	42	R. H. White & Co.	Inv. Aug. 12, less 2%	34	1664						
	18	40	Sibley, Lindsay & Curr	Inv. Aug. 18, less 2%	18	882						
	19	16	Bills Pay.	Note paid at bank							1500	
	19	5	Int. and Disc.	Int. on above note							7	50
	22	✓	Coll. and Exch.	On foreign checks						75		
	23	10	Office Fixtures	Safe for office							250	
	23	10	Office Fixtures	Letter press							9	50
	24	✓	Expense	Coal bill to date			13	50				
	25	✓	Expense	Salaries to date			220					
	26	1	R. R. Traver	Private account							100	
	26	1	Jas. R. Bender	Private account							100	
	28	42	R. H. White & Co.	Inv. Aug. 31, less 2%	8	392						
	28	✓	Coll. and Exch.	On above N.Y. draft						25		
	29	✓	Coll. and Exch.	On Brown's check						40		
	30	16	Bills Pay.	Note paid at bank							400	
	30	11	Accts. Pay.	Total discounts on pur-	132							
		8	To Mdse. Disc.	chases for month								
	30	11	Accts. Pay.	Pay'ts on acct. for month		7555 26					7555	26
	30	14	Expense	Total for month			679	15			679	15
	30	18	Coll. and Exch.	Total for month					8	20	8	26
	30		*Balance*	*In bank*							*17482*	*09*
											29271	26

The first two columns on the right are reserved for payments to creditors on account. These columns are for purely personal items, and are similar to the columns for accounts receivable on the left side, except that they are posted to the debit of the separate accounts with creditors in the purchase ledger. At the end of the month, or at other regular intervals, the total of the first column is posted to the debit of Accounts Payable and to the credit of Merchandise Discounts in the general ledger. (See page 161.)

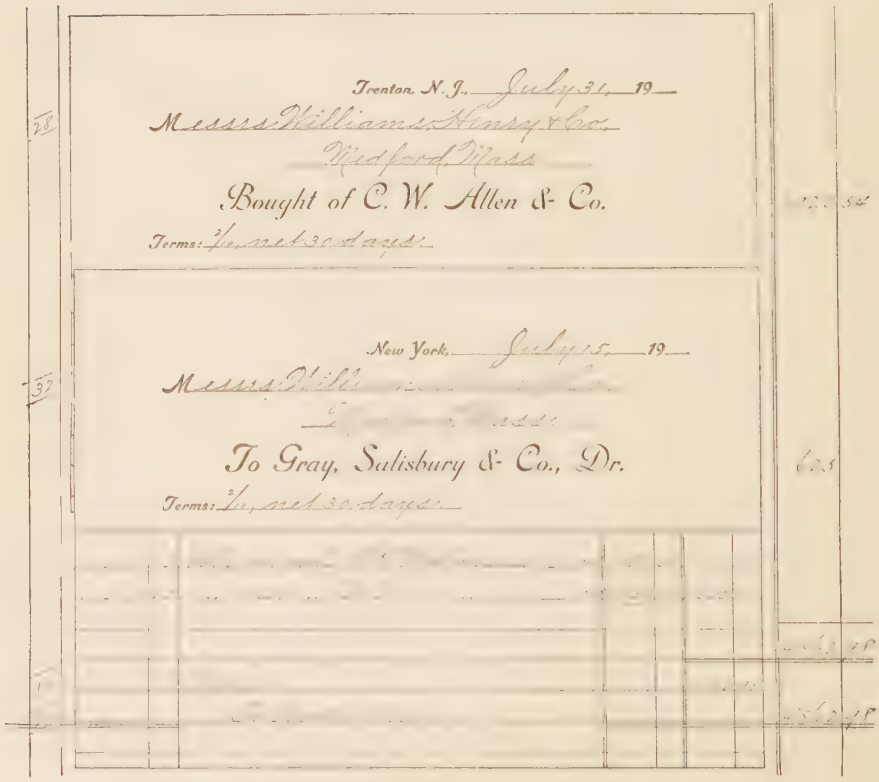
The total of the proceeds column is posted to the debit of Accounts Payable in the general ledger.

All items of expense are entered in the *Expense* column, and only the totals of this column are posted.

All items of collection and exchange are entered in the *Collection and Exchange* column, and only the totals of this column are posted.

All other cash payments are entered in the *General* column.

Form for making Closing Entry in Invoice Book


Trenton, N. J., July 31, 19
Messrs Williams, Hinsey & Co.
Bought of C. W. Allen & Co.
Terms: 2/10 net 30 days
New York, July 15, 19
To Gray, Salisbury & Co., Dr.
Terms: 2/10, net 30 days

Invoice Book. — This book is the same as previously explained. The separate bills are credited to the various accounts in the purchase ledger, and the totals are posted to the debit of Merchandise and to the credit of Accounts Payable in the general ledger.

Purchase Ledger. — The purchase ledger contains a record of transactions with creditors. The main items of credit in this ledger come from the invoice book, and the main items of charge from the cash book; but both debits and credits for creditors' accounts may come from the journal.

Sales Ledger. — The sales ledger contains a record of transactions with customers. The main items of charge come from the sales book, and the main items of credit from the cash book; but both debits and credits for customers' accounts may come from the journal.

General Ledger. — The general ledger contains a record of all accounts of the business not entered in the purchase or sales ledgers. The **Accounts Payable** account in this ledger represents the purchase ledger, and the balance of the account should agree with the sum of the balances in the purchase ledger. The **Accounts Receivable** account in the general ledger represents the sales ledger, and the balance of the account should equal the sum of the balances in the sales ledger.

Advantages of Auxiliary Ledgers. — The advantages resulting from the use of auxiliary ledgers may be stated as follows:

1. By glancing at the balance of the Accounts Receivable account in the general ledger a merchant may know at once the aggregate of accounts due him. This would not be possible if a sales ledger were not employed.

2. By glancing at the balance of the Accounts Payable account a merchant may know the aggregate of accounts owed by him. This account would not be in the books if a purchase ledger were not employed.

3. The Accounts Receivable and Accounts Payable accounts aid in proving the correctness of the personal accounts of a business.

4. Auxiliary ledgers make a distinctive classification of accounts, which is very necessary in the accounting of large concerns; they also give a business man more and better classified information concerning many important details.

The **Journal** used in this set is provided with special columns. (See model journal, page 164.)

This book is sometimes provided with a large number of columns to meet the requirements of some lines of business. The columns used

here, however, are sufficient to give the student an idea of how special columns may be employed in the journal to advantage.

The *Purchase Ledger Debits* column may be used to advantage in houses where a separate ledger is kept for accounts with those from

BOSTON, MASS., *Sept. 25, 19—*

F	ACCOUNT AND EXPLANATION		PURCHASE LEDGER DEBITS	GENERAL LEDGER DEBITS	SALES LEDGER CREDITS	GENERAL LEDGER CREDITS
	M. O. Barry, R. O. Cook, and D. W. Baker have entered into a copartnership agreement as per conditions in the articles executed on the 15th.					
	The above parties have this day bought the entire resources and are to assume the entire liabilities of the late firm of A. J. Weaver & Co. as per contract on file. These resources and liabilities are as shown in the following entry made to open a new set of books.					
	Resources					
7	Mdse. Per inventory			12000 06		
8	Bills Rec. Per bill book			13000 94		
10	Office Fixtures Per inventory			1200		
3	Good Will Established trade			3000		
6	Accts. Rec. Per the following list			3900		
16	Morgan & Co., Troy	1250				
21	Osborn, Frey & Co., Westfield	750				
22	L. O. Sweetland, Lynn	1900				
3	Insurance Unexpired premium			125 75		
7	To Bills Pay. Per bill book					1900 09
5	Accts. Pay. Per the following list					6801
34	Smith, Perkins & Co., N.Y.	1700.50				
36	Sprague & Co., Boston	1900.50				
39	Harmon & Brown, Chicago	3200.				
7	Bills Pay. Two notes given A. J. Weaver & Co.					15000
CR	Cash Check given A. J. Weaver & Co.					9525 66
	26					
17	C. O. Bond & Co. Accepted their 10-day draft		1500 75			
7	To Bills Pay.					1500 75
	27					
48	Williams & Co. Drew a sight draft on S. W. B. and		300 60			
18	To S. W. Brown remitted it to W. & Co. on acct.				300 60	
	Forward		1801 35	33226 75	300 60	34727 50

BOSTON, MASS., *Sept. 30, 19*

	Forward	1801	35	33226	75	300	60	34727 50
8	Bills Rec. Recd. their note as per			500				
18	To Eaton & Co. bill book					500		
		1801	35	33726	75	800	60	34727 50
5	Accts. Pay.	1801	35					
✓	General Ledger Debits	33726	75					
6	To Accts. Rec.							800 60
✓	General Ledger Credits							34727 50
		35528	10					35528 10

whom we buy. Any charges to these accounts in the journal should be extended into this column. The several amounts are posted separately to the debit side of the accounts in the purchase ledger, and the totals are carried regularly to the debit of Accounts Payable in the general ledger.

The *General Ledger Debits* column contains all the items of charge in the journal outside of the purchase ledger debits. The total of this column is not posted.

The *Sales Ledger Credits* column may be used to advantage in most houses where a separate ledger is kept for accounts with those to whom we sell. Any credits to these accounts in the journal should be extended into this column. The several amounts are posted separately to the credit side of the accounts in the sales ledger, and the totals are carried regularly to the credit of Accounts Receivable in the general ledger.

The *General Ledger Credits* column contains all the items of credit in the journal outside of the sales ledger credits. The total of this column is not posted.

Memoranda of Transactions for September

Saturday, Sept. 15

Since selling your interest in the furniture business of the late firm of (Student) & Co. you have had several conferences with Geo. H. Dobbin and Arthur M. Black, relative to making an investment in a wholesale grocery business.

To-day it has been decided to enter into a partnership for the purpose of conducting a wholesale grocery business under the following conditions:

1. The name of the copartnership shall be (Student), Black & Co.
2. Investments shall be as follows:
   - *a.* Arthur M. Black shall make a cash investment of $14,000.
   - *b.* Geo. H. Dobbin shall make a cash investment of $10,000.
   - *c.* Student shall invest cash, $7000, and a note made by Frey & Brown in his favor, dated Sept. 1, at three months, for $8000.
3. The partnership shall continue for two years, unless the parties mutually consent to a dissolution at an earlier date.
4. Gains shall be shared equally and losses borne equally.
5. Student and Black shall each receive $200 per month for their services, and Dobbin, $150.

6. Whenever the books of the firm are closed, each partner shall be charged with interest at 6% on all sums withdrawn for private use, and shall receive interest at the same rate on all sums invested.

Draw up articles of copartnership, fully covering the above points. (See Form I in the Appendix.)

Fold and brief the articles properly (see page 140) and then hand them in.

Business Forms for September

Before taking up the regular memoranda for this set prepare the following forms:

Form 1: Check drawn by Student on Traders National Bank, City, Sept. 15, in favor of your firm, for $7000.

Form 2: Note of Frey & Brown, City, dated Sept. 1, at three months, for $8000. Note is drawn in Student's favor and is transferred by him to his firm by full indorsement.

Form 3: Check of Geo. H. Dobbin, dated Sept. 15, drawn on Traders National Bank, City, in favor of your firm, for $10,000.

Form 4: Check of Arthur M. Black, dated Sept. 15, drawn on Traders National Bank, City, in favor of your firm, for $14,000.

Form 5: Note of F. Moore, dated Rome, Sept. 1, payable at Union Bank, two months after date. Note is drawn for $1750, in favor of A. J. Weaver & Co., and is transferred to your firm by full indorsement.

Form 6: Note of Walter L. Parker, dated City, Sept. 1, payable at Union Bank, 30 days after date. Note is drawn for $700, in favor of A. J. Weaver & Co., and is transferred to your firm by full indorsement.

Form 7: Note of Benton Bros. & Co., dated City, Aug. 26, payable at Union Bank, 60 days after date. Note is drawn for $300, in favor of A. J. Weaver & Co., and is transferred to your firm by full indorsement.

Form 8: Bill of Eureka Coal Co. to your firm for 5 tons coal at $4.50. Terms: cash. Bill is dated City, Sept. 18, and is receipted per L. I. S.

Form 9: Bill of Geo. E. Roe & Co., for 1 one-horse delivery wagon, $65; 1 heavy truck wagon, $90; 1 set single harness, $35; 1 set double harness, $85. Terms: cash. Bill is dated City, Sept. 19, and is receipted per H. O. W.

Form 10: Bill of the Daily Transcript Co. for advertising to date, $49.23. Terms: cash. Bill is dated City, Sept. 19, and is receipted per W. E.

Form 11: Bill of R. H. Myers & Co., for 1 sales ledger, $1.50; 1 purchase ledger, $1.50; 1 general ledger, $3; 1 journal, 75¢; 1 cash book, $2.75; 1 bill book, 75¢; 5 M No. 6 envelopes and printing, $6.50; 5 M sheets letter paper and printing, $9.60. Terms: cash, less 1%. Bill is dated City, Sept. 20, and is receipted per F. O. G.

Form 12: Bill of the Eureka Coal Co. to Geo. H. Dobbin for 3 tons coal at $4.50. Terms: cash. Bill is dated Sept. 20, and is receipted per G. W. M.

Form 13: Letter of application to your firm from Albert B. Curtis, dated City, Sept. 19. Applicant has seen your advertisement in the *Evening Transcript* for a shipping clerk and wishes to be considered an applicant for the position. He is a high-school graduate and has had experience as a salesman with the firm of W. H. Glenny & Co., City. He refers to John W. Nellis, principal of the high school, and to G. B. Watkins, manager for W. H. Glenny & Co.

Inclose the letter in a properly addressed envelope.

THINGS TO AVOID IN LETTERS OF APPLICATION

1. Faulty mechanical construction.
2. Blots, erasures, and interlineations.
3. Errors in spelling, capitalization, grammar, punctuation, etc.
4. Poor penmanship.
5. Boastfulness.
6. Showing over-anxiety for the position.
7. Exaggerations.
8. The use of printed testimonials.
9. The use of letters addressed, *To whom it may concern*, etc.
10. Typewritten applications (generally).
11. Referring to matters of no importance to those who will receive the letters.
12. Poor paper, perfumed sheets, foolscap, etc.

THINGS TO BE OBSERVED IN LETTERS OF APPLICATION

1. The use of proper materials:
   - *a*. Good ink.
   - *b*. Paper of the proper size and quality.
   - *c*. Envelopes of the proper size and quality.

2. Good mechanical and grammatical construction.
3. Full, yet brief and concise, expressions.
4. Good tone:
   a. Frank, sincere expressions.
   b. Sufficient self-confidence and self-respect. (State your qualifications modestly, but with sufficient firmness.)
   c. Truthfulness.
5. Necessary information with regard to yourself:
   a. Qualifications, general and special.
   b. References.
   c. Salary expected (sometimes; teacher should explain).
   d. Age (sometimes; teacher should explain).
6. Courteous introduction and closing.

Form 14: Draft of Union Bank, City, dated Sept. 21, drawn on Chemical National Bank, New York, in favor of your firm, for $841.47, W. B. Frey, Cashier.

Form 15: Sight draft, dated City, Sept. 21, drawn by David R. Warriner, in favor of himself, on Arthur M. Black, for $50.

Form 16: Draft drawn by Union Bank, City, Sept. 24, on Chemical National Bank, New York, in favor of your firm, for $1297.18, W. B. Frey, Cashier.

Form 17: Draft drawn by Traders National Bank, Weedsport, Sept. 23, on Chemical National Bank, New York, in favor of F. W. Earl & Co., for $950, C. W. Amsden, Cashier. Draft is transferred to your firm by full indorsement.

Form 18: Check of D. L. Hinman & Co., City, on Traders National Bank, dated Sept. 24, in favor of your firm, for $411.99.

Form 19: Invoice of Walter Baker & Co., New York, dated Sept. 22. Terms: 3/5, net 30 days. Items as follows:

500 1-lb. cans B. Cocoa 500 bxs., 6000 lbs., B. Chocolate
5000 lbs. P. Tapioca

Form 20: Draft drawn by Traders National Bank, Allston, Sept. 24, on Chemical National Bank, New York, in favor of Clinton, Jones & Co., for $292.04, W. F. Pratt, Cashier. Draft is transferred to your firm by full indorsement.

Form 21: Invoice of Smith, Perkins & Co., New York, dated Sept. 24. Terms: 5/10, net 30 days. Items as follows:

50 bags, 6250 lbs., P. R. Coffee 100 half chests, 7500 lbs., C. J. Tea
50 bales, 7500 lbs., G. M. Coffee 100 half chests, 6000 lbs., F. O. Tea
100 mats, 7500 lbs., F. J. Coffee

Form 22: Note of Frank Moore & Son, City, dated Sept. 25, drawn in favor of your firm, for $745.69, payable 10 days from date, at Union Bank.

Form 23: Check of Salisbury, Gray & Co., Rochester, dated Sept. 24, on Traders National Bank, in favor of your firm, for $260.51.

Form 24: Check of J. D. Manning, Albany, dated Sept. 24, on Traders National Bank, in favor of your firm, for $600.

Form 25: Bill of R. O. Merrill & Co., City, dated Sept. 25. Terms: cash. Items as follows:

30 #16 Packing Boxes at 20¢ 35 #3 Packing Boxes at 10¢

Bill is receipted by O. W.

Form 26: Invoice of Geo. H. Buell & Co., City, dated Sept. 26. Terms: 30-day note in 10 days, with interest at 6%, less 1%. Items as follows:

240 bu. N. Y. Medium Beans 200 lbs. E. Raspberries
25 bxs., 1250 lbs., E. Apples

Form 27: Invoice of J. E. Seel & Co., City, dated September 26. Terms: 2/10, net 30 days. Items as follows:

25 pails M. C. Candy 500 lbs. S. M. Candy
50 bbls. L. L. Salt

Form 28: Check of T. B. Welch & Co., Medford, dated Sept. 25, on Traders National Bank, in favor of your firm, for $296.94.

Form 29: Draft drawn by Union Bank, City, dated Sept. 25, on Chemical National Bank, New York, in favor of your firm, for $1949.70, W. B. Frey, Cashier.

Form 30: *C.O.D.* envelope. Data as follows: Cash inclosed, $18.60. Goods were shipped by your firm to W. D. Greene, Dansville, Sept. 25.

NOTE. — Get the cash of your teacher.

Form 31: Draft drawn by Traders National Bank, Troy, on Chemical National Bank, New York, in favor of Williams, Harmon & Co. for $399.35, R. C. Cook, Cashier. Draft is dated Sept. 25 and is transferred to your firm by full indorsement.

Form 32: Sight draft of Salisbury, Gray & Co., Rochester, dated Sept. 25, in favor of your firm, on J. E. Seel & Co., City, for $50.

Form 33: Invoice of Stickney, Poor & Co., New York, dated Sept. 26. Terms: 3/10, net 60 days. Items as follows:

100 bxs., 2500 lbs., E. Apricots
50 bxs. Butter Color
100 bxs. Mucilage
250 bxs. Insect Powder
50 bxs., 2500 lbs., E. Apples
100 bbls. R. P. Flour

The discount is deducted and the bill receipted.

Form 34: Check of W. L. Anderson, Perth Amboy, dated Sept. 26, on Traders National Bank, in favor of your firm, for $400.

Form 35: Invoice of Gray, Dunkle & Co., Chicago, dated Sept. 26. Terms: 3/10, net 30 days. Items as follows:

25 bbls., 7500 lbs., Br. C Sugar
10 bbls., 3300 lbs., Wh. C Sugar
200 half chests, 14,000 lbs., M. Y. H. Tea

Form 36: Check of James K. Lusk, City, dated Sept. 28, on Traders National Bank, in favor of your firm, for $369.07.

Form 37: Invoice of Bates, Aldrich & Co., Boston, dated Sept. 27. Terms: 3/5, net 30 days. Items as follows:

100 1-lb. cans Huyler's Cocoa
50 bbls. S. P. Flour
100 pails M. C. Candy
20 bbls., 6500 lbs., St. A Sugar
20 bbls., 6500 lbs., F. G. Sugar

Form 38: Invoice of D. W. Simpson & Co., Chicago, dated Sept. 27. Terms: 3/10, net 30 days. Items as follows:

50 bxs. S. Soap
50 cases, 1000 sacks, C. P. Flour
20 bbls., 1200 lbs., O. Crackers
125 bxs. W. Soap
50 bxs. W. L. Soap
5 cases, 100 sacks, P. P. Flour
20 bbls., 1200 lbs., C. S. Crackers

Form 39: Draft drawn by Union Bank, City, dated Sept. 28, on Chemical National Bank, New York, in favor of your firm, for $907.43, W. B. Frey, Cashier.

Form 40: Check of W. D. Packard & Co., City, dated Sept. 28, on Traders National Bank, in favor of your firm, for $605.38.

Form 41: Note of D. L. Hinman & Co., City, dated Sept. 29, payable at Union Bank, 10 days from date, to your firm, $500.

Form 42: Bill of Enterprise Carting Co., City, dated Sept. 29. Terms: cash. Items as follows:

Sept. 24, Freight, $15.75; Cartage, $1.50
" 27, Freight, 49.25; Cartage, 6.50
" 28, Cartage, 4.75

Bill is receipted by W. M. O.

Place the foregoing forms in your envelope entitled *Incoming Papers* and hand them to your teacher for approval.

Memoranda of Transactions for September (*Continued*)

Saturday, Sept. 15

Each partner pays in his investment as per agreement.

Receive the three checks and make the proper entries.

Dobbin's and Black's checks are Forms 3 and 4. Your check and note are Forms 1 and 2. Make the usual journal memorandum.

Enter the note on a new page of the bill book and place it in the proper envelope. Credit (Student), Black & Co. for the total investment on the left-hand page of the cash book, extending the amount into the *General* column. Debit Bills Receivable on the right-hand side of the cash book for the amount of your note and carry the amount into the *General* column. The difference between the two amounts entered will show the amount of cash received by the business.

Open an account with Union Bank and deposit the three checks on hand.

When writing the firm name to indorsements, notes, checks, etc., sign (*Student*), *Black & Co.*, per your initials.

Monday, Sept. 17

A. J. Weaver & Co., of your place, have offered to sell you the entire resources and liabilities of their business located at 420 State St., on the following conditions:

1. That you pay them $6000 for the good will of their business.

2. That you buy all their resources at face value, the personal accounts and the quality and quantity of the merchandise on hand to be covered by their written guarantee.

3. That you assume their lease of the building at 420 State St. and pay all their liabilities.

4. That you pay them for the proceeds of their business, cash, $14,000, and the balance in two notes payable in three months and six months respectively.

GOOD WILL EXPLAINED

The term *good will* can hardly be said to have any precise signification. It is generally understood to stand for the advantages which may inure to the purchaser of any business in consequence of his holding himself out to the public as succeeding to an enterprise which has been identified in the past with the good name

and repute of his predecessor. Its value is dependent upon the ability of the purchaser to maintain and improve past celebrity, reputation for skill, punctuality, etc.

The Good Will account, as it is generally employed, may show either a resource, a gain, or a loss.

a. It shows a resource on the books of the purchaser of any business until its value has been increased or diminished.

b. When the value of the benefits of an established trade has been increased, the Good Will account shows a gain.

c. When the value of the benefits of an established trade has not been maintained, the Good Will account shows a loss.

The account is seldom created except in connection with the purchase and sale of an established business. When a business of recognized reputation is offered for sale the good will is frequently as much a matter for consideration as any commodity. The account, however, is of more or less fictitious value and many business men prefer to gradually drop it from their records, even though it may have been legitimately created. This is done by regularly carrying a definite portion of the account to some loss and gain account, as advertising, expense, etc.

You accept the proposition of A. J. Weaver & Co. and ask them to make out a contract of sale at once.

Tuesday, Sept. 18

A contract of sale covering the following resources and liabilities was received by Mr. Black from A. J. Weaver & Co. this morning. The same was duly examined by Joseph M. Gordon, Esq., the attorney for your firm, and when found strong and binding in every way was filed among the other important papers in the firm's safe.

Note. — Form IV in the Appendix is a contract of sale similar to the one which would be given by A. J. Weaver & Co. in the preceding transaction.

If thought best, the teacher may require the student to prepare the contract for the preceding transaction.

Resources

Mdse., per schedule on file		$14609.50
Bills Receivable, per the following list		2750.
1. Note of F. Moore, at two months from Sept. 1	$1750.	
2. Note of Walter L. Parker, at 30 days from Sept. 1	700.	
3. Note of Benton Bros. & Co., at 60 days from Aug. 26	300.	
Office Fixtures, per schedule on file		1920.
Rent, due from tenants for subrentals		50.
Insurance, unused premium		240.
Good Will, estimated value		6000.

Accounts Receivable, per the following list		$16814.10
Williams, Harmon & Co., Troy	$6252.60	
Fred W. Hill & Co., Rome	1642.40	
W. L. Anderson, Perth Amboy	1400.	
Frank Moore & Son, City	2145.69	
James K. Lusk, City	592.50	
J. D. Manning, Albany	1600.	
D. L. Hinman & Co., City	420.40	
F. W. Earl & Co., Weedsport	1500.	
Salisbury, Gray & Co., Rochester	1260.51	

Liabilities

Bills Payable, per the following list		$2300.
1. Note at 30 days from Aug. 26, in favor of King & Co., payable at Union Bank	$1500.	
2. Note at 30 days from Sept. 3, in favor of Boyd, Evans & Co., payable at Union Bank	800.	
Accounts Payable, per the following list		18166.
Walter L. Mann & Co., Boston	2150.	
D. W. Smith & Co., New York	2100.	
Smith, Perkins & Co., New York	1450.	
Bates, Aldrich & Co., Boston	1365.45	
D. W. Simpson & Co., Chicago	7100.55	
Gray, Dunkle & Co., Chicago	4000.	

NOTE. — In actual business the two bills payable would be in the possession of the payees or the bank at which they are made payable. In this case it is assumed that they are in the possession of the bank for collection. The student will therefore need to draw up both notes and hand them in at the bank or to his teacher. Indorse them as they should be indorsed by the payees when left at the bank for collection.

Write the check and notes in payment for the purchase from A. J. Weaver & Co., as per agreement.

Make the proper journal and cash-book entries for the purchase. Study the model journal, page 164. If in doubt as to the entries, consult your teacher.

Take the notes of A. J. Weaver & Co. (Forms 5, 6, and 7) and enter them in the bill book. Also enter the bills payable in the bill book.

Post the cash-book and journal entries just made to the proper ledgers. Consult your teacher.

After posting the journal entries to the general ledger, debit the several personal accounts receivable in the sales ledger and credit the several personal accounts payable in the purchase ledger.

In posting give the accounts in the general ledger one-third of a page each and the accounts in the sales and purchase ledgers one-fourth of a page each. Write the addresses of all personal accounts in the sales and purchase ledgers.

Wednesday, Sept. 19

You desire to engage the services of a competent shipping clerk and decide to insert an advertisement in the *Evening Transcript* of your place.

Prepare an advertisement stating the qualifications you consider desirable in a candidate for such a position as you have to fill. Hand in the advertisement.

Write checks in payment for the following:

Two work horses purchased of Walter H. Wood for $125 each; bill of Eureka Coal Co. (Form 8) for coal, $22.50; bill of Geo. E. Roe & Co. (Form 9) for wagons, harnesses, etc., $275; bill of the Daily Transcript Co. (Form 10) for advertising to date, $49.23.

Charge advertising and coal to Expense, and the other items to Horse and Wagon account.

Note. — Remember to hand in all outgoing papers unless otherwise instructed. When in doubt as to what should be done with any incoming forms consult your teacher.

Write letters ordering the following goods:

1. Of Walter Baker & Co., New York, the articles outlined in Form 19, page 168. Give references and shipping directions and ask for the best cash discounts.

2. Of Smith, Perkins & Co., New York, the articles outlined in Form 21, page 168. These people have had extensive dealings with the old firm of A. J. Weaver & Co., but you are entire strangers to them. Give such information concerning your firm as will secure prompt shipment of the articles ordered. Consult your teacher.

Thursday, Sept. 20

Pay the following bills by checks: bill of R. H. Myers & Co. (Form 11) for office books, stationery, etc., $26.09; bill of Eureka Coal Co. (Form 12) for the private account of Geo. H. Dobbin, $13.50. Open an account with *Geo. H. Dobbin, Private.*

WHY PRIVATE ACCOUNTS WITH THE INDIVIDUAL MEMBERS OF A FIRM SHOULD BE OPENED

Strictly speaking, these accounts are not a part of the investment of any business, but rather accounts showing the dealings of the business with the individual members of the firm, and it is therefore desirable that they be kept separate from the account or accounts representing the capital stock of the concern.

The failure to keep such accounts badly confuses business and private affairs, fosters carelessness and extravagance, and sometimes results in financial disaster.

ITEMS THAT ARE ENTERED IN PROPRIETORS' PRIVATE ACCOUNTS

Debits

1. Cash, or any other property belonging to the firm, withdrawn by a partner for private use.
2. Private debts of a partner paid by the firm.
3. Proper share of any net losses to be borne by a partner when the books are closed.

Credits

1. Cash advanced to the business by a partner and not counted as part of the capital stock of the firm.
2. Unpaid salary due a partner.
3. Firm debts assumed by a partner.
4. Proper share of any net gains of the business.

Friday, Sept. 21

In response to your advertisement of the 19th, for a competent shipping clerk, there were received twenty-three letters; one from Albert B. Curtis, 270 Tremont St., impressed you all favorably (Form 13), and you have had an interview with the young man which has resulted in his engagement with your firm at $25 per week. His appointment dates from Monday, Sept. 24.

File the letter and make a memorandum in the journal.

Engage Edward McDorman as driver at $10 per week. Make a memorandum in the journal.

Write letters ordering the following goods:

1. Of Stickney, Poor & Co., New York, the following items:

250 bxs. Insect Powder	2500 lbs. E. Apples
50 bxs. Butter Color	2500 lbs. E. Apricots
100 bxs. Mucilage	100 bbls. R. P. Flour

Inclose a New York draft in payment for the bill, less 3%. Buy the draft (Form 14) by check; exchange, 25¢.

Make entries in the cash book and check book and hand in the letter.

2. Of Gray, Dunkle & Co., Chicago, the goods outlined in Form 35, page 170. Remember that this firm was one of the creditors of the late house of A. J. Weaver & Co., and word your letter accordingly.

3. Of Bates, Aldrich & Co., Boston, the goods outlined in Form 37, page 170. The members of this firm were creditors of A. J. Weaver & Co.

If you pay the balance in favor of D. W. Simpson & Co. this week, you will get a discount of 5%.

Write your check for the amount shown in the purchase ledger, less 5%. Take the check to your bank or teacher and have it certified.

UNDER WHAT CIRCUMSTANCES CHECKS ARE CERTIFIED IN BUSINESS

Checks are certified when it is desirable that they be transferred from one person to another like money. The ordinary check cannot always be safely accepted as money, especially when it comes from a stranger, for there is nothing to prevent any person from drawing a check on a bank in which he has no funds on deposit.

Business men frequently have incoming checks certified so that they may deposit them in their bank and immediately draw against them. Generally a bank would not allow a customer to draw immediately upon an uncertified check deposited, because it would first want to ascertain whether the check was good or not.

Checks may be certified whenever it is desirable to give to those receiving them a guarantee that the paper is good.

SIGNIFICANCE OF CERTIFICATION

1. By certifying a check a bank declares in effect the following:
   - *a.* That the signature is genuine.
   - *b.* That the drawer's balance is good for the amount named.
   - *c.* That it holds itself responsible for the payment of the check.
2. Certification does not guarantee the following:
   - *a.* That the indorsements, if any, are genuine.
   - *b.* That the check was drawn up in good form. If a check is so carelessly drawn up that it can be easily raised, and is afterwards certified, a bank can be held for only the amount for which the check was originally drawn.

Write a letter to D. W. Simpson & Co. inclosing the above check and ordering:

50 bxs. Sunlight Soap	5 cases, 100 sacks, P. P. Flour
125 bxs. Wool Soap	50 cases, 1000 sacks, C. P. Flour
50 bxs. Water Lily Soap	20 bbls., 1200 lbs., O. Crackers
20 bbls., 1200 lbs., C. S. Crackers	

SATURDAY, SEPT. 22

Pay by check David R. Warriner's sight draft on Arthur M. Black (Form 15), $50.

Charge Black's private account.

MONDAY, SEPT. 24

A telegraphic dispatch has been received from W. D. Greene, Dansville, ordering the following to be sent by express, C.O.D.:

2 cases R. Baking Powder
3 bxs., 150 lbs., E. Apples

Make out the necessary papers and enter under C.O.D. Accounts in the sales book.

The following orders were received in this morning's mail.

1. From Williams, Harmon & Co., Troy, an order for:

10 bbls. L. L. Salt
10 bbls. S. P. Flour
10 half chests, 750 lbs., C. J. Tea
5 bbls., 800 lbs., L. Starch
5 bbls., 1500 lbs., Br. C Sugar

Fill the order. Terms: 2/5, net 30 days. Make out the shipping order and receipt. Place the bill and receipt in a properly addressed envelope and hand them in. Do this with all similar orders.

2. From T. B. Welch & Co., Medford, an order for:

6 bbls., 300 gals., N. O. Molasses
5 bbls., 1625 lbs., F. G. Sugar
6 bbls., 300 gals., P. R. Molasses
10 bags Ice-cream Salt

Fill the order. Terms: 2/5, net 30 days.

The account of Fred W. Hill & Co., Rome, is 23 days past due. Draw a sight draft on them in favor of your firm for $1200 and leave it at the bank for collection.

Indorse the draft properly and hand it in. No entry is required. Write a letter to Fred W. Hill & Co. informing them of your draft and hand it in.

Take the note of F. Moore (Form 5) from the *Unpaid Bills* envelope and offer it for discount at your bank.

Indorse the note, make out a discount memorandum, and pin the same to the note. Place the note in your pass book, and take it to the bank, receiving credit for the proceeds.

Pay the balance due Bates, Aldrich & Co., less 5%, by New York draft (Form 16).

Buy the draft by check. Exchange, 50¢.

Write a letter inclosing the draft properly indorsed and hand it in.

THINGS TO BE OBSERVED IN WRITING A LETTER OF REMITTANCE

1. State what is inclosed, — note, draft, etc.
2. Give the amount of the inclosure.
3. Generally write the amount of the inclosure in words and figures, thus: "Twenty-four and $\frac{25}{100}$ Dollars ($24.25)."
4. State how the amount inclosed is to be applied.
5. Ask that the receipt of the remittance be acknowledged.
6. Fold the inclosure within the letter properly. (For letter of remittance, see Form I in the Appendix.)

Receive of F. W. Earl & Co., Weedsport, a New York draft (Form 17) for $950, in full for invoice of Aug. 24.

Receive of D. L. Hinman & Co. their check (Form 18), in full of account, less 2%.

The Enterprise Carting Co. has delivered to you the goods ordered of Walter Baker & Co. (Form 19) on the 19th.

A telegraphic order has just been received from W. L. Anderson, Perth Amboy, for:

10 bbls. R. P. Flour	1500 lbs. P. Tapioca
25 cases C. Baking Powder	10 bbls., 1600 lbs., G. G. Starch

Fill the order. Terms: 2/5, net 30 days.

Deposit the check and New York draft on hand. Draw a cash check for office expenses, $25; ask for $5 in change.

Draw the check but make no entry in the cash book.

Prove the cash and make out a daily statement. Take all of your books to your teacher for criticism. If he approves of your work, proceed to post as follows:

1. Post the items in the accounts receivable section of the cash book to the credit of the proper accounts in the sales ledger.
2. Post the items in the general column on the left side of the cash book to the credit of the various accounts in the general ledger.
3. Post items in the accounts payable section of the cash book to the debit of the various accounts in the purchase ledger.
4. Post the items in the general column on the right side of the cash book to the debit of the various accounts in the general ledger.
5. Post the sales from the sales book to the debit of the various accounts in the sales ledger.
6. Post the purchases from the invoice book to the credit of the various accounts in the purchase ledger.

7. Hand in all your books for approval before proceeding with the next day's business.

Tuesday, Sept. 25

The following orders were received in this morning's mail.

1. From L. P. Ross, Warsaw, an order for.

12 bbls., 3900 lbs., St. A Sugar
25 half chests, 1750 lbs., M. Y. H. Tea
15 bbls., 4875 lbs., F. G. Sugar
10 pkgs. S. Yeast Cakes

You are not familiar with the financial standing of this firm and ship the goods C.O.D. to the order of Union Bank, less 2%.

Enter in the sales book under C.O.D. Accounts. Draw a sight draft in favor of your firm, attach it to the bill of lading, indorse properly, and leave them with your bank for collection. Deduct the discount in the sales book and on the bill.

2. From Clinton, Jones & Co., Allston, an order for:

10 bbls., 3300 lbs., Wh. C Sugar
5 bbls., 800 lbs., L. Starch
10 pkgs. S. Yeast Cakes
15 pails No. 1 Mackerel
25 pkgs. G. Matches
5 bbls. C. R. Oatmeal
15 cases Horse-radish

A New York draft (Form 20) is inclosed in settlement of the bill, less 2%. Make out the invoice and prepare a shipping order and receipt in the regular way. Receipt the bill, first deducting the discount. Only the proceeds of the bill are entered in the cash book.

3. From James K. Lusk, City, an order for:

25 cases D. Salad Dressing
6 cases, 120 sacks, C. P. Flour
50 cans B. Cocoa
250 lbs. E. Chocolate Drops
15 bbls., 750 gals., N. O. Molasses

Fill the order. Terms: 2/5, net 30 days.

4. From F. E. Rogers, City, an order for:

15 bxs., 300 lbs., L. L. Raisins
5 bbls., 250 gals., P. R. Molasses
10 bxs. P. Matches
10 bu. N. Y. Medium Beans

Fill the order. Terms: sight draft in 5 days for the amount of the bill, less 2%. Draw a draft dated Oct. 1 (Sept. 30 will be Sunday) and place it in the *Business Cash* envelope.

Deduct the discount on the bill and in the sales book. No entry for the draft at this time.

The old account of Williams, Harmon & Co., Troy, is several days past due. Draw a sight draft on them for $3126.30, and leave it at Union Bank for collection.

Write a letter to Williams, Harmon & Co., informing them of your draft. No entry at this time.

The goods ordered of Smith, Perkins & Co. (Form 21) on the 19th have been received.

Place the following orders over telephone.

1. With Geo. H. Buell & Co., City, an order for:

240 bu. N. Y. Medium Beans — 25 bxs., 1250 lbs., E. Apples
200 lbs. E. Raspberries

2. With J. E. Seel & Co., City, an order for:

50 bbls. L. L. Salt — 25 pails M. C. Candy
500 lbs. S. M. Candy

Note of A. J. Weaver & Co., the payment of which was assumed by your firm, is to-day charged to the firm account, as per your instructions, at Union Bank.

Receive of Frank Moore & Son, City, their note at 10 days (Form 22) for $745.69, to apply on account.

Receive a check of Salisbury, Gray & Co. (Form 23), in full for the invoice of Sept. 2, $260.51.

Receive check of J. D. Manning (Form 24) in full payment for the invoice of Aug. 25, $600.

Pay by check bill of R. O. Merrill & Co. (Form 25) for packing boxes, etc., $9.50.

Pay James Burrill for shoeing horses cash, $2.50.

Deposit the checks and New York draft on hand. The bank charges $\frac{1}{10}\%$ collection on the checks.

Make out a daily statement. If correct, post the different books as instructed on Sept. 24. Post the journal entry.

After posting hand in all books to your teacher for examination and approval.

Wednesday, Sept. 26

Goods ordered of Geo. H. Buell & Co. (Form 26) over telephone yesterday have been delivered.

Goods ordered of J. E. Seel & Co. (Form 27) have also been delivered.

Receive of T. B. Welch & Co. check (Form 28), in full for invoice of the 24th, less 2%. In the letter inclosing the check they order the following:

25 bxs. Wool Soap	5 bbls., 1650 lbs., Wh. C Sugar
25 bxs. Water Lily Soap	5 bbls., 1625 lbs., F. G. Sugar
5 bbls., 1500 lbs., Br. C Sugar	10 half chests, 600 lbs., F. O. Tea

Fill the order. Terms: 2/5, net 30 days.

Telegraph Walter L. Mann & Co., Boston, ordering the following to be shipped by fast freight:

50 bxs. Mucilage	50 cases C. Baking Powder

Limit the message to eleven words. Pay 50¢ charges in cash.

Leave the note of Walter L. Parker (Form 6) at Union Bank for collection.

Find the note in the *Unpaid Bills* envelope. Indorse it properly and take it to the bank. Make the proper memorandum in the bill book.

Pay Walter Baker & Co.'s invoice of Sept. 22, less 3%, by a New York draft (Form 29), which you buy by check at Union Bank; no exchange charged. Write a letter inclosing the draft.

Receive returns (Form 30) for the C.O.D. shipment to W. D. Greene, Dansville, on the 24th.

Receive of Williams, Harmon & Co., a New York draft (Form 31) for invoice of the 24th, less 2%.

W. D. Packard & Co., City, write ordering:

10 pails No. 1 Mackerel	20 1-lb. cans H. Cocoa
3 cases C. Baking Powder	10 bags, 1250 lbs., P. R. Coffee
10 mats, 750 lbs., F. J. Coffee	

This is a good, reliable firm, and you expect large orders from the house frequently. Bill the above 3/5, net 60 days.

The firm pays Geo. N. Cooper $125 by check for one carriage horse, to be charged to Student's private account. Write the check.

Receive of Salisbury, Gray & Co. a sight draft (Form 32), on J. E. Seel & Co., City, for $50. Remit the draft by letter to J. E. Seel & Co., and make an entry in the journal.

J. D. Manning, Albany, writes ordering:

10 bags, 1250 lbs., P. R. Coffee	10 bales, 1500 lbs., G. M. Coffee
20 mats, 1500 lbs., F. J. Coffee	

Fill the order. Terms: 2/5, net 30 days.

Deposit the money received from the C.O.D. shipment, and the check and the New York draft on hand. The bank charges 35¢ collection on the check. Be sure to deduct the collection on the deposit ticket.

Make out a daily statement and have it corrected. Post as previously explained.

Present your books to your teacher for examination.

Thursday, Sept. 27

The Enterprise Carting Co. has delivered to you the goods ordered of Stickney, Poor & Co. (Form 33) on the 21st.

Remit Gray, Dunkle & Co., Chicago, your note at 15 days, to apply on account, $1000.

Write a letter inclosing the note and hand it in. Enter in the journal and bill book.

Receive of W. L. Anderson his check (Form 34) for $400, to apply on account.

The following orders were received by mail to-day.

1. From Fred W. Hill & Co., Rome, an order for:

75 1-lb. cans H. Cocoa	50 lbs. E. Raspberries
3 bxs., 120 lbs., C. Codfish	10 bxs., 240 lbs., H. L. Chocolate

Fill the order. Terms: 2/5, net 30 days.

2. From D. L. Hinman & Co., City, an order for:

10 half chests, 750 lbs., C. J. Tea	3 bags Ice-cream Salt
5 half chests, 300 lbs., F. O. Tea	3 bbls., 480 lbs., H. W. Starch
10 half chests, 700 lbs., M. Y. H. Tea	

Fill the order. Terms: 2/5, net 30 days.

Discount at Union Bank Frank Moore & Son's note received on the 25th. Proceeds placed to your credit.

Make out a discount memorandum and pin it to the note; place both in the pass book and take them to the bank. Make the proper records in the check book, cash book, and bill book.

Your bank informs you that the sight draft drawn on Fred W. Hill & Co., Rome, on the 24th, has been collected. Collection, $1.

Have the amount entered in your pass book and make the proper records in the check book and cash book.

Give A. W. Weet your check for $65 to be charged to the private account of Geo. H. Dobbin.

Goods ordered of Gray, Dunkle & Co. (Form 35) on the 21st have been delivered.

Deposit the check on hand. No collection charged.

Make out a daily statement and have it examined, after which post the different books in the regular way.

Hand in all books for approval.

FRIDAY, SEPT. 28

James K. Lusk, City, writes inclosing check (Form 36) in payment for the invoice of the 25th, less 2%. He also orders the following items:

10 bxs. Sunlight Soap
50 lbs. Pearl Tapioca
3 bbls., 480 lbs., G. G. Starch

Fill the order. Terms: 2/5, net 30 days.

Salisbury, Gray & Co., Rochester, write ordering:

15 bbls. R. P. Flour
10 bbls. L. L. Salt
10 bbls., 3250 lbs., St. A Sugar
25 bxs. P. Matches
5 pails No. 1 Mackerel
5 bxs., 250 lbs., C. Raisins
4 bbls., 200 gals., N. O. Molasses
20 bxs. Wool Soap
5 bbls., 1500 lbs., Br. C Sugar
10 bxs. Butter Color
15 doz. pint cans Olives
5 bbls. C. R. Oatmeal

Fill the order. Terms: 3/5, net 30 days.

The Enterprise Carting Co. has just delivered to you the goods ordered of Bates, Aldrich & Co. (Form 37) on the 21st.

Give Geo. H. Buell & Co. your note at 30 days with interest at 6%, for the invoice of the 26th, less 1%.

A telegraphic order has just been received from W. M. Beach, Pittsfield, for:

3 half chests, 225 lbs., C. J. Tea
50 lbs. Flake Tapioca

He proposes that the goods be shipped by express, C.O.D.

Fill the order. Terms: cash, less 1%.

Handle in the usual way. Deduct the discount on the bill and in the sales book.

Goods ordered of D. W. Simpson & Co., Chicago (Form 38), on the 21st have been delivered.

Remit Bates, Aldrich & Co. a New York draft (Form 39) in full for goods received to-day, less 3%. Buy the New York draft by check. Exchange, 75¢.

Write a letter inclosing the draft properly indorsed and hand it in.

Deposit the check on hand.

Your bank informs you that the draft drawn on Williams, Harmon & Co. on the 25th has been collected. Collection, $\frac{1}{10}$%. Have the

amount entered in your pass book and make the proper entries in the check book and cash book.

Make out a daily statement. Post. Hand in all books for criticism.

Saturday, Sept. 29

Draw from the bank by a cash check $50 for office expenses. Ask for ten five-dollar bills.

The following orders have been received by mail to-day.

1. From W. D. Packard & Co., City, an order for:

10 half chests, 750 lbs., C. J. Tea — 10 half chests, 600 lbs., F. O. Tea
5 bbls., 800 lbs., L. Starch

They inclose check (Form 40) in payment for the invoice of the 26th, less 3%.

Fill the order. Terms: 2/10, net 60 days.

2. From D. L. Hinman & Co., City, an order for:

20 bags Ice-cream Salt — 50 bbls. L. L. Salt
10 bbls., 3250 lbs., St. A Sugar — 10 bbls., 3250 lbs., F. G. Sugar
10 bbls., 600 lbs., O. Crackers — 10 bbls., 600 lbs., C. S. Crackers

They inclose their note (Form 41) at 10 days for $500, to apply on account.

Fill the order. Terms: 2/5, net 30 days.

3. From Frank Moore & Son, City, an order for:

6 bxs., 300 lbs., E. Apples — 5 bxs., 125 lbs., E. Apricots
15 bbls., 4875 lbs., St. A Sugar — 10 pails M. C. Candy
500 lbs. S. M. Candy

Fill the order. Terms: 2/5, net 30 days.

Pay John Harvey $5 in cash for cleaning the store, etc. Also pay salaries for the week in cash, $35.

Charge Expense in the cash book. Hand in the money.

Your bank informs you that the sight draft attached to bill of lading and left for collection Sept. 25 has been paid. Collection, $\frac{1}{8}$%. Enter in the check book and the cash book. Have the amount entered in your pass book.

Pay by check Enterprise Carting Co.'s bill (Form 42) for freight and drayage to date, $77.75.

Charge Merchandise.

Pay William Jennings $15 by check for keeping and feeding horses to date.

Make a journal entry crediting the proprietors' private accounts with one-half month's salary for September.

Charge Expense and credit each proprietor for one-half the monthly salary agreed upon in the articles of copartnership.

Receive cash $65 for subrental of a part of the store.

Get the cash at the office or of the teacher and credit Rent account.

Make out a daily statement and hand it in.

Closing the Work for September

1. Post as instructed for previous days.
2. Study the explanation of the cash book on pages 159 and 162.
3. Close the cash book, studying very carefully the model given on pages 160 and 161.
4. Post the summary of the cash book to the general ledger.
5. Study the explanation of the sales book, page 158. Make the proper entry to close it. Post the entry to the general ledger.
6. Study the explanation of the invoice book, page 163. Make the proper entry to close it. Post the entry to the general ledger.
7. Study the explanation of the journal, page 164. Make the proper entry to close it. Post the entry to the general ledger.
8. Prove the sales ledger by an abstract similar to the following:

Abstract of Sales Ledger, Sept. 30, 19—

	12	Wm. B. Tenny & Co.	920				
	14	D. M. McCarthy	1291	50			
	15	J. A. Merrill & Son	9120				
	16	R. W. White & Son	492				
	20	Baker, Hillis & Co.	162	50			
	21	J. E. Bender	1250				
	22	Wm. A. Conway	1120				
	24	Morgan, Wright & Co.	962	50			
	25	Kendall Mfg. Co.	162	90			
	26	F. E. Moore	865				
	29	C. W. Gray	120				
	31	G. H. Dunkle	66	25			
	24	*Balance per Accts. Rec. in G. L.*			*16532*	*65*	
			16532	65	16532	65	

Prove the purchase ledger by an abstract similar to the following:

Abstract of Purchase Ledger, Sept. 30, 19—

	18	Jordan, Marsh & Co.				6142	50
	19	Morgan, Traver & Co.				3150	
	21	Gray, Salisbury & Co.				1250	
	24	Williams & Rogers				925	
	26	C. H. Lyman & Son				2100	
	27	M. A. Weaver & Co.				1650	
	29	J. E. King, Son & Co.				1122	16
	30	M. F. Raymond				4698	20
	31	E. R. Barnard & Co.				162	90
	46	*Balance per Accts. Pay. in G. L.*	*21200*	*76*			
			21200	76	21200	76	

9. Have the abstracts approved by your teacher. If they are correct, make a trial balance from your general ledger in the usual way.

10. Have the trial balance approved.

11. Prove the bill book.

12. Hand in all your books to your teacher for examination.

Business Forms for October

Before taking up the memoranda for October prepare the following forms. Do better work than you have ever done before.

Form 43: Note of Frank Moore & Son, City, dated Oct. 1, drawn in favor of your firm, for $500, with interest at 6%, payable in 60 days at Union Bank.

Form 44: Invoice of Walter L. Mann & Co., Boston, dated Sept. 29. Terms: 10-day draft, less 1%. Items as follows:

50 bxs. Mucilage 50 cases C. Baking Powder

Deduct the 1% discount.

Form 45: Draft of Walter L. Mann & Co., Boston, dated Sept. 29, drawn on your firm, in their own favor, at 10 days' sight, for the net amount of the above invoice.

Form 46: Draft at 10 days' sight, drawn by Smith, Perkins & Co., New York, Sept. 29, on your firm, in favor of themselves, for $750.

Form 47: Check of Salisbury, Gray & Co., Rochester, dated Oct. 1, drawn on Traders National Bank, in favor of your firm, for $602.37.

Form 48: Check of D. L. Hinman & Co., City, dated Oct. 2, drawn on Traders National Bank, in favor of your firm, for $632.05.

Form 49: Invoice of Geo. H. Buell & Co., City, dated Oct. 3. Terms: a 30-day note in 10 days, with interest at 6%. Items as follows:

100 bu. N. Y. Medium Beans 150 bxs. E. Apples
500 lbs. E. Raspberries

Form 50: Sight draft of D. W. Smith & Co., New York, dated Oct. 2, drawn on your firm, in favor of themselves, for $900, and indorsed by them to the First National Bank, New York. Transferred by the First National Bank to the Union Bank of your place, W. O. King, Cashier.

Form 51: Draft of Union Bank, City, on Chemical National Bank, New York, dated Oct. 3, drawn in favor of your firm, for $500, W. B. Frey, Cashier.

Form 52: Check of Frank Moore & Son, City, dated Oct. 2, drawn on Traders National Bank, in favor of your firm, for $348.14.

Form 53: Sight draft of T. B. Welch & Co., Medford, on D. O. Mosher, City, dated Medford, Oct. 2, drawn in favor of your firm, for $79.60.

Form 54: *C.O.D.* envelope. Data as follows: cash inclosed, $80.32. Goods were shipped by your firm to W. M. Beach, Pittsfield, Sept. 28.

Form 55: Draft of Traders National Bank, Albany, on Chemical National Bank, New York, dated Oct. 3, drawn in favor of J. D. Manning and transferred to your firm by full indorsement, for $919.24, D. O. Morehouse, Cashier.

Form 56: Invoice of Bates, Aldrich & Co., Boston, dated Oct. 3. Terms: 3/5, net 30 days. Items as follows:

200 1-lb. cans Huyler's Cocoa 100 bbls. S. P. Flour

Form 57: Draft of Union Bank, City, dated Oct. 4, drawn on Chemical National Bank, New York, in favor of your firm, for $500, W. B. Frey, Cashier.

Form 58: Sight draft of D. W. Smith & Co., New York, dated Oct. 3, on your firm, in favor of C. W. Mobray, City, for $300.

Form 59: Invoice of Smith, Perkins & Co., New York, dated Oct. 3. Terms: 5/10, net 30 days. Items as follows:

100 bags P. R. Coffee
100 half chests F. O. Tea
50 half chests C. J. Tea

Form 60: Olney P. Davis & Co.'s draft, dated City, Oct. 5, at 1 day's sight, on Arthur M. Black, in favor of themselves, for $75.96.

Form 61: Check of F. W. Earl & Co., Weedsport, dated Oct. 4, drawn on Traders National Bank, in favor of your firm, for $1605.48.

Form 62: Invoice of Walter Baker & Co., New York, dated Oct. 4. Terms: 3/5, net 30 days. Items as follows:

500 1-lb. cans Baker's Cocoa
100 bxs. Baker's Chocolate

Form 63: Invoice of Gray, Dunkle & Co., Chicago, dated Oct. 4. Terms: 3/10, net 30 days. Items as follows:

50 bbls. Br. C Sugar
100 bbls. Wh. C Sugar
25 half chests M. Y. H. Tea

Form 64: Draft of Traders National Bank, Dansville, on Chemical National Bank, New York, dated Oct. 5, drawn in favor of W. D. Greene and transferred to your firm by full indorsement, for $262.15, W. E. Traver, Cashier.

Form 65: Check of W. D. Packard & Co., City, dated Oct. 6, drawn on Traders National Bank, in favor of your firm, for $586.53.

Form 66: Sight draft of Salisbury, Gray & Co., Rochester, dated Oct. 5, drawn on J. E. Seel & Co., in favor of your firm, for $76.42.

Place the foregoing forms in your envelope for *Incoming Papers* and hand them to your teacher for approval.

Memoranda of Transactions for October

Monday, Oct. 1

The following orders were received in this morning's mail.

1. From F. W. Earl & Co., Weedsport, an order for:

25 half chests F. O. Tea
25 half chests C. J. Tea
10 bxs. W. L. Soap
10 bbls. F. G. Sugar

Fill the order. Terms: 2/5, net 30 days.

2. From J. D. Manning, Albany, an order for:

10 bbls. St. A Sugar	10 bu. N. Y. Medium Beans
5 bbls. F. G. Sugar	10 bxs. H. O. Oatmeal
25 doz. bottles M. Pickles	25 bxs. H. L. Chocolate
50 bxs. L. L. Raisins	25 bxs. E. Chocolate Drops
5 bales G. M. Coffee	5 pails No. 1 Mackerel
10 bxs. E. Apples	10 bxs. Butter Color

Fill the order. Terms: 2/5, net 30 days.

3. From R. D. Fowler & Co., City, an order for:

5 bbls. S. P. Flour	3 bxs. Butter Color
5 bbls. R. P. Flour	3 bbls. C. R. Oatmeal

20 bxs. C. Codfish

Fill the order. Terms: sight draft in 5 days for the amount of the bill, less 2%.

Draw a sight draft dated ahead 5 days and place it in the *Business Cash* envelope. Deduct the discount in the sales book and on the invoice.

Your bank informs you that the note of Walter L. Parker, left for collection on Sept. 26, has been credited to your account at its face.

Have the amount placed in your pass book. Make entries in the check book, cash book, and bill book.

Discount at Union Bank Benton Bros. & Co.'s note (Form 7) bought of A. J. Weaver & Co., and receive credit for the proceeds.

Make out a discount memorandum, pin it to the note, place them in the pass book, and receive credit for the proper amount. Make entries in the check book, cash book, and bill book.

Receive of Frank Moore & Son their note (Form 43) at 60 days, with interest at 6%, $500.

The Enterprise Carting Co. has just delivered to you the goods ordered of Walter L. Mann & Co. on the 26th ult.

Look up the invoice (Form 44) and handle it in the regular way. Take the accompanying draft (Form 45) and accept it. Place the draft in an envelope properly addressed and hand it in.

An order has just been received from Clinton, Jones & Co., Allston, for the following:

10 bxs. Mucilage	10 half chests M. Y. H. Tea
10 cases C. Baking Powder	10 bales G. M. Coffee
10 bbls. St. A Sugar	10 bags P. R. Coffee

Fill the order. Terms: 2/5, net 30 days.

Write letters ordering the following goods.

1. Of Walter Baker & Co., New York:

500 1-lb. cans Baker's Cocoa — 100 bxs. Baker's Chocolate

2. Of Smith, Perkins & Co., New York:

100 bags P. R. Coffee — 100 half chests F. O. Tea
50 half chests C. J. Tea

In a communication received from Smith, Perkins & Co. this morning there was a draft at 10 days' sight on your firm, in favor of themselves, for $750 (Form 46). Accept the draft and inclose it in the above letter.

Write a letter to Gray, Dunkle & Co., Chicago, ordering:

50 bbls. Br. C Sugar — 100 bbls. Wh. C Sugar
25 half chests M. Y. H. Tea

Inclose your check in payment for the invoice of Sept. 26, less 3%, and the proceeds of your note, in their favor, due Oct. 12.

Deduct the discount from the face of note, add the proceeds of the note to the proceeds of the bill, and write a check to cover the total amount. Have the letter approved before inclosing the check.

Write Bates, Aldrich & Co., Boston, ordering:

200 1-lb. cans Huyler's Cocoa — 100 bbls. S. P. Flour

Telephone Geo. H. Buell & Co., City, ordering:

100 bu. N. Y. Medium Beans — 150 bxs. E. Apples
500 lbs. E. Raspberries

An order has just been received from Williams, Harmon & Co., Troy, for:

200 1-lb. cans Baker's Cocoa — 25 bxs. Baker's Chocolate
25 half chests F. O. Tea — 25 half chests C. J. Tea
10 bbls. S. P. Flour

Fill the order. Terms: 2/10, net 60 days.

Give Smith, Perkins & Co. a check for invoice of Sept. 10, less 3%. The amount of the invoice is $947.60.

Take the draft drawn on F. E. Rogers on Sept. 25 from your *Business Cash* envelope, indorse it properly, and deposit it in the bank.

Deposit all currency and the check on hand.

Make out a daily statement and hand it in. Post the day's business in the regular way.

Hand in all books for examination.

TUESDAY, OCT. 2

The following orders were received in this morning's mail. Fill each in the regular way. Terms: 2/5, net 30 days.

1. From W. L. Anderson, Perth Amboy, an order for:

25 half chests M. Y. H. Tea — 10 bbls. Br. C Sugar
10 bbls. Wh. C Sugar — 10 bales G. M. Coffee
10 bbls. S. P. Flour

2. From W. D. Greene, Dansville, an order for:

25 bxs. E. Apples — 50 bu. N. Y. Medium Beans
250 lbs. E. Raspberries

Draw $125 from the bank for office expenses, by a cash check. Ask for $5 in change.

Pay cash for repairing the wagons, $9.

Pay D. W. Simpson & Co., by check, for invoice of Sept. 27, less 3%.

Write the letter inclosing the check and hand it in.

Receive a check (Form 47) of Salisbury, Gray & Co., Rochester, in payment for the invoice of the 28th ult., less 3%.

A telegraphic order has just been received from W. C. Holbrook & Co., Resort, for:

10 bags P. R. Coffee — 10 bales G. M. Coffee
20 half chests C. J. Tea

Ship the above order C.O.D. to the order of the Union Bank, less 2%. Deduct the discount on the bill and in the sales book. Draw a sight draft in favor of yourself. Attach the draft to the bill of lading, indorse properly, and leave with your bank for collection. Put the bill in a properly addressed envelope in the regular way.

Receive of D. L. Hinman & Co. their check (Form 48) in payment for the invoice of the 27th ult., less 2%.

Engage W. O. Warner as traveling salesman at a salary of $125 per month and expenses. Give him a check for $100 to cover expenses on a trip through several adjoining counties.

Engage F. E. Ramsey, who has been assisting in the shipping room for several days, as general assistant at a salary of $10.50 per week, services to date from the 1st. Pay him for services to date in cash, $4.

Pay by check S. E. Waldorph for cooperage, $16.50.

Deposit the checks on hand. Collection, $\frac{1}{10}\%$ on the check of Salisbury, Gray & Co.

Make out a daily statement. Post the day's business in the regular way. Hand in all books for approval.

WEDNESDAY, OCT. 3

Goods ordered of Geo. H. Buell & Co. (Form 49) on the 1st have been delivered.

Pay a sight draft (Form 50) of D. W. Smith & Co., in favor of themselves, by check, $900. Draft is presented to you by Union Bank, and you make your check payable to that institution.

Remit Walter L. Mann & Co., Boston, a New York draft (Form 51) for $500, to apply on account. Buy the draft by check. Exchange, 25¢. Be sure to indorse the draft.

Note in favor of Boyd, Evans & Co., due to-day, has by your instructions been charged to the firm account.

Make records in the check book, cash book, and bill book.

Receive of Frank Moore & Son, City, their check (Form 52) in payment for invoice of the 29th ult., less 2%.

The letter inclosing the above check contained the following order:

100 1-lb. cans Huyler's Cocoa	15 bbls. S. P. Flour
20 bxs. E. Apples	250 lbs. E. Raspberries
25 bu. N. Y. Medium Beans	10 bbls. Wh. C Sugar

Fill the order. Terms: 2/5, net 30 days.

Draw a sight draft on Fred W. Hill & Co., Rome, in favor of your firm, for $300. Place the draft in the *Business Cash* envelope and write a letter to Fred W. Hill & Co., informing them that you have drawn upon them at sight through your bank.

You know the draft will be paid upon presentation, and credit Fred W. Hill & Co. in the cash book.

Fill an order just received from Williams, Harmon & Co., Troy, for:

15 bbls. L. L. Salt	15 bbls. S. P. Flour
25 half chests C. J. Tea	10 bbls. Br. C Sugar

Terms: 2/10, net 60 days.

T. B. Welch & Co., Medford, write ordering:

20 bbls. N. O. Molasses	20 bbls. P. R. Molasses
10 bbls. F. G. Sugar	5 bbls. L. Starch

Fill the order. Terms: 2/10, net 60 days.

Inclosed in the above letter was a sight draft on D. O. Mosher, City (Form 53), in your favor, for $79.60, to apply on account.

You know the draft to be good and credit T. B. Welch & Co. at once in the cash book. Place the draft in the *Business Cash* envelope.

Receive returns (Form 54) from C.O.D. shipment to W. M. Beach, Pittsfield.

Deposit the sight draft of T. B. Welch & Co., the draft drawn on Fred W. Hill & Co., the check received from Frank Moore & Son, and the returns from C.O.D. shipment to W. M. Beach. $\frac{1}{10}\%$ collection on the draft on Fred W. Hill & Co.

Make out a daily statement. Post the day's business. Hand in all books for approval.

THURSDAY, OCT. 4

The following orders were received in this morning's mail.

1. From John P. Kennedy & Co., Canton, an order for:

2 half chests C. J. Tea	10 pails No. 1 Mackerel
5 cases R. Baking Powder	5 bbls. C. R. Oatmeal
5 bxs. H. L. Chocolate	10 bxs. C. Raisins
5 bu. N. Y. Medium Beans	5 bbls. N. O. Molasses
20 bxs. C. Codfish	10 bxs. Wool Soap

References quoted you are very satisfactory and you fill the above order, quoting your regular terms: 2/5, net 30 days.

2. From W. W. Williams, Auburn, an order for:

5 half chests F. O. Tea	2 bbls. H. W. Starch
10 bags Ice-cream Salt	25 pkgs. N. Yeast Cakes
5 bxs. W. L. Soap	

References quoted are satisfactory and you fill the order. Terms: 2/5, net 30 days.

Receive from J. D. Manning, Albany, New York draft (Form 55) in settlement for invoice of the 1st, less 2%.

The Enterprise Carting Co. has delivered to you the goods ordered of Bates, Aldrich & Co. (Form 56) on the 1st.

Buy of Union Bank a New York draft (Form 57), by check, and remit it to D. W. Smith & Co., New York, to apply on account, $500. Exchange, 25¢.

Remit Smith, Perkins & Co., New York, a certified check for the invoice of Sept. 24, less 5%. (See similar transaction, Sept. 21.)

Deposit the New York draft received from J. D. Manning.

Make out a daily statement. Post the books, and hand them in for approval.

Friday, Oct. 5

Pay D. W. Smith & Co.'s sight draft (Form 58) on you, in favor of C. W. Mobray, by check, $300.

Hand in the check.

The Enterprise Carting Co. has just delivered to you the goods ordered of Smith, Perkins & Co. (Form 59) on the 1st.

The following orders were received this morning, and are to be filled in the regular way. Terms: 2/5, net 30 days.

1. From Frank Moore & Son, City, an order for:

10 bbls. O. Crackers	10 bbls. C. S. Crackers
5 bxs. C. Codfish	10 bbls. R. P. Flour
2 bbls. P. R. Molasses	

2. From F. E. Rogers, City, an order for:

10 bbls. O. Crackers	5 bbls. C. S. Crackers
2 bags P. R. Coffee	2 bales G. M. Coffee
10 bxs. E. Chocolate Drops	

Accept, payable at Union Bank, for the private account of Arthur M. Black, Olney P. Davis & Co.'s draft (Form 60), in favor of themselves, at 1 day's sight, for $75.96.

This draft is the outcome of some private matter of Arthur M. Black, and the sum is charged directly to his account. Enter in the journal and bill book. Consult your teacher if in doubt as to the entry.

A call has just come in over the telephone from L. H. Pierson, City, for:

3 bbls. O. Crackers	10 bags Ice-cream Salt
5 bbls. C. S. Crackers	5 bxs. Wool Soap
3 bbls. R. P. Flour	3 bbls. F. G. Sugar
5 bxs. Butter Color	3 mats F. J. Coffee

He offers to accept your draft at 20 days from date of the bill for the amount.

Fill the order. Make out the bill and enter in the sales book in the regular way. Draw draft at 20 days from date, in favor of your firm, indorse it properly, and give it to your bank for collection. Make the proper records in the bill book and journal.

Pay John Sampson cash, $7.50, for carpenter work about the store.

Pay Roby Real Estate Co. rent of store for October by check, $300.

Charge Rent account in the cash book.

Pay Wm. Jennings $29, by check, for keeping and feeding horses.

Receive check (Form 61) from F. W. Earl & Co., Weedsport, in payment for the invoice of the 1st, less 2%.

Deposit the check just received. Collection, $\frac{1}{10}\%$.

Make out a daily statement. Post the day's business, and hand in all your books to your teacher for examination.

SATURDAY, OCT. 6

Your team has delivered the goods ordered of Walter Baker & Co. (Form 62) on the 1st.

The Enterprise Carting Co. has delivered to you the goods ordered of Gray, Dunkle & Co., Chicago (Form 63), on the 1st.

Fred. O. Wolven, City, telephones for the following goods:

1 bbl. O. Crackers — 1 bbl. F. G. Sugar
1 half chest F. O. Tea

Mr. Wolven is a personal friend of the members of your firm, and the above goods are furnished him at cost prices. Terms: on account.

Receive a New York draft (Form 64) from W. D. Greene, Dansville, in payment for the bill of the 2d, less 2%.

Pay salaries for the week in cash as follows:

Albert B. Curtis	$25.
Edward McDorman	10.
F. E. Ramsey	10.50

Receive a check (Form 65) from W. D. Packard & Co., City, in payment for invoice of the 29th ult., less 2%.

The following orders, which were received in this morning's mail, are to be filled in the regular way. Terms: 2/5, net 30 days.

1. From D. L. Hinman & Co., City, an order for:

2 bags P. R. Coffee	5 bbls. S. Pastry Flour
2 bales G. M. Coffee	5 bxs. C. Codfish
5 bbls. O. Crackers	5 bbls. N. O. Molasses
5 bbls. C. S. Crackers	5 bbls. P. R. Molasses

2. From James K. Lusk, City, an order for:

15 bbls. O. Crackers	5 bbls. C. S. Crackers
3 bbls. St. A Sugar	5 bu. N. Y. Medium Beans
1 bbl. H. W. Starch	5 pkgs. S. Yeast Cakes

3 half chests M. Y. H. Tea

3. From Salisbury, Gray & Co., Rochester, an order for:

8 bbls. St. A Sugar — 15 bbls. C. Soda Crackers
10 bbls. Br. C Sugar

Salisbury, Gray & Co. inclose a sight draft (Form 66), in your favor, on J. E. Seel & Co., City, for $76.42, to apply on account.

Write a letter to J. E. Seel & Co. inclosing the above draft to apply on account.

Pay for postage, etc., in cash, $7.50.

Acceptance in favor of Olney P. Davis & Co., due to-day, has been charged to your account at the bank.

Enter in the check book, cash book, and bill book.

Albert B. Curtis, your shipping clerk, has made application for a position with Perry, Mason & Co., Boston. The position with that firm promises to develop an excellent future for Mr. Curtis, and you have decided to aid him in securing the place.

Write a letter of recommendation for Mr. Curtis, placing a high estimate on his integrity and general business ability.

SUGGESTIONS BEARING UPON LETTERS OF RECOMMENDATION

1. Avoid exaggerated expressions. They only do injury to the one recommended.
2. Be thoroughly acquainted with the qualities of which you speak.
3. Recommend only those who are worthy of some praise.
4. Be sincere; do not entirely pass over defects when you know that they exist.
5. Generally speaking, it is not well to write a general letter of recommendation; that is to say, a letter addressed *To whom it may concern.*
6. Be original in every way. The expressions that count are those that come from the heart and mind of the writer.
7. A good letter of recommendation usually conforms with the following arrangement of thoughts:

Paragraph No. 1: Introduction.
Paragraph No. 2: General estimate of the character and ability of the one recommended.
Paragraph No. 3: Brief summary and courteous closing.

Give Geo. H. Dobbin a check for $25 for private use.

Hand in the check.

Student takes $50 from the business by check for private use.

Deposit the check, the New York draft, the sight draft on R. D. Fowler & Co., and all the currency on hand.

Be sure to make a cash-book entry for the sight draft.

Make out a daily statement and have it examined. If it is correct, post all the books in the regular way.

You will now proceed to adjust the interest on the proprietors' accounts, preparatory to making financial statements and closing the general ledger.

HOW TO ADJUST INTEREST BETWEEN PARTNERS

1. The investments were all paid in on Sept. 15. Determine the exact number of days from that date to Oct. 6. Find the interest on each man's investment for this time.

2. The private accounts were credited for salaries Sept. 29. Determine the exact number of days from that date to Oct. 6. Find the interest on each private account credit for this time.

3. Find the total interest due the partners.

4. Find the interest on each man's withdrawals from the time of such withdrawals to Oct. 6.

5. Find the total interest due the business from the withdrawals of the partners.

6. Find the difference between the two totals above. This sum is the net interest due the partners from the business.

7. Next find the difference between the total interest due each and the total interest to be charged to each. These sums represent the amounts to be credited to each partner and debited to Interest account. This interest does not properly belong to the regular Interest account, since that account is intended solely for interest arising from transactions with others.

HOW INTEREST DUE ON THE PROPRIETORS' ACCOUNTS MAY BE KEPT OUT OF THE REGULAR INTEREST ACCOUNT

In this set gains and losses are to be shared equally; therefore one-third of any sum placed in the Interest account will finally get transferred to the opposite of the proprietors' accounts when the proper shares of profits or losses are carried to these accounts. For example: Suppose the total interest due the partners to be $60. Of this sum there is due A $17, B $21, and C $22. The entry might be:

Interest	$60	
To A		$17
B		21
C		22

But this unnecessarily enlarges the Interest account. Since from the above entry each partner's gain will be decreased $20 or loss increased $20, we may reason as follows:

1. A's debit is $20, and his credit $17. He owes the business $3.
2. B's debit is $20, and his credit $21. The business owes him $1.
3. C's debit is $20, and his credit $22. The business owes him $2.

The following entry would then adjust the interest between partners.

A	$3	
To B		$1
C		2

On the above basis of reasoning make the proper entry to adjust the interest on the proprietors' accounts in your business.

Have the entry approved before posting it to the ledger.

Closing the Work for October

1. Close the cash book. Proceed carefully and study the model cash book. Post the summary of the cash book.

2. Rule and foot the sales book and make the proper entry. Post the entry.

3. Rule and foot the journal and make the proper entry. Post the entry.

4. Rule and foot the invoice book and make the proper entry. Post the entry.

5. Prove the sales ledger. (See model, page 185.)

6. Prove the purchase ledger. (See model, page 186.)

7. Have your abstracts approved by your teacher.

8. Make a trial balance from the general ledger and have it approved.

9. Copy the inventories in the journal in the usual way. The following is a statement of the inventories.

Inventories, Oct. 6, 19—

Merchandise (Resource):		
Per schedule on file		$24057.59
Merchandise (Liability):		
Due Enterprise Carting Co. for freight and cartage to date		$339.45
Horse and Wagon:		
Estimated cost	$525.	
Depreciation	5.25	
		$519.75
Rent:		
Due for subrentals	$15.	
Unearned rent	225.	
		$240.
Insurance:		
Unearned premium		$195.
Office Fixtures:		
Estimated cost	$1920.	
Depreciation	192.	
		$1728.
Expense (Resource):		
2 tons Coal	$9.	
Stationery, etc.	6.50	
		$15.50

Expense (Liability):		
Unpaid gas bill	$15.69	
Due proprietors on salary	68.75	
Due traveling salesman on salary	31.50	
Due Bell Telephone Co.	9.50	
		$125.44

10. Make a statement of losses and gains and have it approved.

The following is suggestive of the form for the statement of losses and gains in this set.

Statement of Losses and Gains, Oct. 6, 19—

	Mdse. bought of A. J. Weaver & Co.			14500			
	Mdse., regular purchases to Oct. 6,			21500	90		
	Freight and drayage paid to date		120				
	Freight and drayage due to date, per inv.		390	510			
	Mdse. sales to date					24170	90
	Mdse. on hand, per inv.					17200	10
	Gain on Mdse. carried down			*4860*	*10*		
				41371		41371	
	Gain on Mdse. brought down					4860	10
	Expense, total per ledger		790				
	Expense, unpaid items, per inv.		340				
	Expense, total outlay		1130				
	Expense, less items on hand per inv.		120	1010			
	Mdse. Disc. on purchases					120	
	Mdse. Disc. on sales			390			
	Int. and Disc. allowed to us					10	
	Int. and Disc. allowed by us			20	50		
	Insurance, paid premium		340				
	Insurance, unearned premium		290	50			
	Coll. and Exch., total outlay			17	50		
	Rent paid to date		420				
	Rent unearned	250					
	Rent due for subrentals	50	300	120			
	Depreciation as under						
	(*a*) Horse and Wagon, on account of use			15			
	(*b*) Office Fixtures, on account of use			160			
	C. E. Reardon's net gain			*1069*	*03*		
	W. D. Lyman's net gain			*1069*	*03*		
	M. W. Winney's net gain			*1069*	*04*		
				4990	10	4990	10

11. Make a statement of resources and liabilities and have it approved.

The following is suggestive of the form for the statement of resources and liabilities in this set.

Statement of Resources and Liabilities, Oct. 6, 19—

Cash in bank		4057			
Properties classified as follows:					
Good Will, estimated value		2000			
Mdse. on hand, per inv.	17200.10				
Mdse., unpaid freight and cartage	390.	16810	10		
Horse and Wagon, cost	555.				
Horse and Wagon, depreciation	15.	540			
Office Fixtures, cost	1960.				
Office Fixtures, depreciation	160.	1800			
Expense, unpaid items, per inv.	340.				
Expense, coal, stationery, etc., per inv.	120.			220	
Insurance, unearned premium		290			
Rent, unearned	250.				
Rent due for subrentals	50.	300			
Accts. Rec., per sales ledger		7200			
Bills Rec., unpaid		200			
Accts. Pay., per purchase ledger				9020	
Bills Pay., unredeemed				750	
C. E. Reardon, due on private acct.				*1069*	*03*
W. D. Lyman, due on private acct.				*1069*	*03*
M. W. Winney, due on private acct.				*1069*	*04*
Capital Stock of the business				*20000*	
		33197	10	33197	10

12. Make a statement proof and have it approved.

13. Close the general ledger. Close the net gain or net loss belonging to each partner into the proprietors' private accounts. The firm account does not need to be closed.

14. Prove the bill book.

15. Close all accounts on the sales and purchase ledgers which balance.

16. Hand in all your books for examination and approval.

This set will now be discontinued in order to afford the student practice along a little different line of work. In Set VII the main features of this set will be emphasized again, and some additional principles explained and illustrated.

Draw a check in favor of your teacher for the amount to the credit of your firm at Union Bank, and hand it in. Also hand in everything which is in the *Personal Cash* envelope.

REVIEW EXERCISES

Take a sheet of journal paper and make entries for the following:

1. A, B, and C enter into a partnership agreement Jan. 1, under the firm name of A, B, C & Co. A invests $25,000; B, $17,500; C, $21,500. Jan. 15 A drew out $250; B, $300; C, $400. Gains and losses are to be shared equally and interest is to be allowed on all investments and charged on all withdrawals. A statement of the condition of the business is made Jan. 31. Make the proper entry to adjust the interest between the partners.

2. D, E, and F enter into a partnership agreement Dec. 1, under the firm name of D, E, F & Co. D invests $3500; E, $2000; F, $1500. Gains and losses are to be shared equally, and interest is to be allowed on all investments and charged on all withdrawals. A statement of the condition of the business is made Dec. 31. There have been no withdrawals. Make the proper entry to adjust the interest between the partners.

3. Fully analyze entries 1 and 2.

GENERAL REVIEW QUESTIONS

1. What advantages are derived from the use of auxiliary ledgers? 2. What account in the general ledger should agree with an abstract of the sales ledger? Why? 3. What account in the general ledger should agree with an abstract of the purchase ledger? Why? 4. State the argument in favor of running cash sales through the sales book and posting them to the ledger the same as regular time sales. 5. When auxiliary ledgers for sales and purchases are used how must the invoice book be posted? the sales book? 6. What special columns are employed in the cash book of this set? 7. What general advantages are derived from the employment of special columns? 8. Explain in detail how to post the various columns on the left side of the cash book in this set. 9. Explain in detail how to post the various columns on the right side of the cash book. 10. To which of the two general classes of accounts does the good will account usually belong? May it ever belong to the other class? Explain. 11. Name some of the things that contribute to a faulty letter of application. 12. Name some of the things that contribute to a good letter of application. 13. Give some reasons why private accounts with the individual members of a firm should be opened. 14. State the nature of the items that are usually charged to a partner's private account; credited. 15. Under what circumstances are checks certified in business? 16. In what respects is a check stronger after certification than before? In what respects is it the same? 17. State the details of making a shipment by express C.O.D.; by freight C.O.D. 18. Explain how to prove the sales ledger; the purchase ledger. 19. Are abstracts of auxiliary ledgers absolute proof of the correctness of such ledgers? Explain. 20. Name the principal things that contribute to a good letter of recommendation. 21. Explain in detail the method outlined for adjusting the interest on partners' private accounts. 22. Give an example of a liability inventory on expense account; on merchandise account; on interest and discount account.

Price List for November and December

GOODS	QUANTITY	COST	SELLING PRICE
American Black Dress Silk	yd.	$1.00	$1.25
Amazon Cloth	"	.98	1.25
Barjeon Cashmere	"	1.12½	1.37½
Black English Camel's Hair	"	1.50	1.87½
Black Wool Lansdowne	"	.52	.68
Black Wool Crépon	"	1.50	2.00
Bengaline Silk	"	.85	1.10
Bone Buttons	gro.	.11	.14
Boys' Heavy Cotton Hose	doz.	1.00	1.25
Black Chantilly Lace	pc.	.66⅔	.90
Corticelli Silk	doz. spools	.87½	1.05
Cotton Surah Lining	yd.	.50	.62
Duchesse Lace	pc.	2.25	3.00
Feather Ticking	yd.	.05½	.08
Fancy Wool Cheviot	"	1.12½	1.35
Fine English Serge	"	1.37½	1.55
Fancy Plaids, all wool	"	.32	.41
Fancy Boucle Stripe	"	.12½	.15
Fancy Black Ribbon	pc.	2.75	3.50
Fancy Gingham	yd.	.06½	.08
Gilt Buttons	gro.	1.87½	2.25
Gunner's Duck	yd.	.14	.17½
Grosgrain Ribbon	pc.	1.12½	1.50
Jet Buttons	gro.	2.40	3.00
Ladies' Cashmere Hose	doz.	2.75	3.50
Linen Torchon Lace	doz. pcs.	.86	1.10
Ladies' Kid Gloves	doz.	7.50	9.50
Men's Kid Gloves	"	7.00	9.00
Marquise Lace	pc.	1.75	2.20
Men's Balbriggan Half Hose	doz.	5.50	6.87½
Percale Shirting	yd.	.07½	.09½
Scotch Cheviot	"	.37½	.50
Striped Denim	"	.08	.09½
Simpson Mourning Print	"	.05½	.07
Taffeta Silk	"	.87½	1.00
Thompson Thread	doz. spools	.43	.50
Venetian Crape Cloth	yd.	.87½	1.00
Velvet Ribbon	pc.	2.12½	2.87½
Wash Silk	yd.	.31	.39
Wamsutta Cotton	"	.31	.39
Whalebones	doz.	.95	1.27

SET VII — DRY GOODS BUSINESS

The **object** of this set is to afford a brief drill in some of the technicalities of the dry goods business and to illustrate, as concisely as possible, a system of accounting which, with slight modifications, would be well adapted to the general routine of a wholesale or jobbing dry goods house. No attempt is made to enter into an explanation of the minor details of accounting, which are different in nearly all large dry goods establishments; but a clear, definite, and suggestive plan for a general wholesale or jobbing dry goods house is fully explained and illustrated.

Special Features. — Among some of the special features of the set are:

1. Some helpful suggestions bearing upon general business correspondence.
2. Introduction and use of the Suspense account, significance of Protest as applied to commercial paper, etc.
3. General use of special columns more fully explained.
4. Especially helpful invoicing.
5. Use of Power of Attorney.
6. A personal account closing into Loss and Gain account illustrated.

The **books** employed are: cash book, sales book, invoice book, journal, general ledger, sales ledger, purchase ledger, bill book, and check book.

With the exception of the cash book, these books are the same as in Set VI.

The **cash book** used in this set is essentially the same as explained and illustrated for Set VI, the only difference being in the introduction of several new special columns.

Special columns on either side of the cash book may be used profitably whenever there are sufficient entries to justify it.

The *Bills Receivable* column on the left side is for cash received for notes and acceptances paid or discounted. Only the totals of this column are posted. Such a column would be justifiable when there are a large number of notes received on account.

The *Bills Payable* column on the right is for cash paid out for our notes and acceptances. Only the totals of this column are posted. Such a column would be justifiable when there are frequent payments by notes and acceptances.

The illustration of the cash book on pages 204 and 205 is self-explanatory and should be studied carefully.

Cash Receipts, November, 19—

DATE		F	ACCOUNT CREDITED	EXPLANATION	ACCTS. RECEIVABLE				BILLS RECEIVABLE		GENERAL	
					DISC. DR.		NET CASH					
Nov.	19		Balance	In bank							5000	
	20	21	F. Cole	In full, 3%	100	90	3262	57				
	24	16	J. H. Miner	On account			900					
	26	✓	Bills Rec.	J. Miner's note					900			
	26	6	Interest	On above							50	
	27	17	C. B. Gray	Inv. 16th, 2%	20		980					
	28	✓	Bills Rec.	Daniel's note					500			
	28	✓	Bills Rec.	Osborn's note					250			
	29	18	Green & Co.	On account			1210					
	29	19	D. M. Snow	Inv. 14th, 2%	10		490					
	30	✓	Bills Rec.	M. D. Cobb's note					600			
	30	4	Mdse. Disc.	Total discount on sales	*130*	*90*						
	30	8	To Accts. Rec.									
	30	8	Accts. Rec.	Receipts			6842	57			6842	57
	30	6	Bills Rec.	Total paid					2250		2250	
											14142	57

Special Columns in Sales Books and Invoice Books. — The sales book used in many wholesale and jobbing dry goods houses is provided with special columns for the several departments of the business. These columns would be indispensable where a special Merchandise account is employed for each department, instead of one account for all departments.

Where these departmental accounts are kept, the invoice book should also be provided with special columns for the several departments.

NOTE. — When accounts with the several departments of a business are kept they are debited with their approximate share of the general expenses of the concern. This, in most cases, would mean an additional number of special columns in the cash book. The inventories belonging to each department would then be

Cash Payments, November, 19—

DATE		F	ACCOUNT DEBITED	EXPLANATION	ACCTS. PAYABLE		EXPENSE		COLL. AND EXCH.		BILLS PAYABLE		GENERAL	
					DISC. CR.	NET CASH								
Nov.	18	✓	Expense	Stamps			10	50						
	19	✓	Expense	Coal bill			9	50						
	20	31	Mason & Co.	Inv. 16th, 2%	40	1960								
	21	30	Ely & Co.	Inv. 19th, 2%	38	1862								
	22	5	Salary	For week									140	
	23	2	Trav. Exp.	W. Conway									200	
	23	✓	Coll. and Ex.	On checks					4	92				
	24	✓	Bills Pay.	Chgd. at bank							1200			
	24	✓	Bills Pay.	Chgd. at bank							200			
	24	6	Interest	On above									10	
	25	29	May & Co.	Inv. 18th, 4%	60	1440								
	25	✓	Coll. and Ex.	On above						75				
	28	6	Discount	Daniel's note									14	10
	28	✓	Bills Pay.	Chgd. at bank							500			
	29	✓	Expense	Gas bill			17							
	29	1	W. K. Gay	Private use									100	
	30	32	Low & Co.	On account		220								
	30	34	Henry & Co.	On account		200								
	30	✓	Coll. and Ex.	On checks					1	20				
	30	4	Accts. Pay.	Total disc. on	138									
	30	2	To Mdse. D.	purchases										
	30	4	Accts. Pay.	Payments		5682							5682	
	30	8	Expense	Total			37						37	
	30	7	Coll. and Ex.	Total					6	87			6	87
	30	3	Bills Pay.	Total paid							1900		1900	
	30		*Balance*	*In bank*									*6052*	*60*
													14142	57

recorded separately, and the several departmental accounts closed separately into a general Merchandise account; or directly into the Loss and Gain account, if there are no goods kept in stock except those covered by the different departments.

Business Forms for November

Prepare the following forms before taking up the memoranda for November.

Form 1: Power of attorney by which A. J. Morley & Co. confer upon you the right to sign and indorse their notes, checks, other negotiable paper, etc.

Use legal cap paper. (See Form VI in the Appendix.)

POWER OF ATTORNEY DEFINED

A power of attorney is a written instrument by which one party appoints another to act for him along certain specified lines. It is frequently drawn up under seal; indeed, where the authority conferred is to execute any instrument that must be recorded, the person signing the paper *must* go before a notary public or other similar officer and acknowledge that he, of his own free act and deed, executed the same.

Form 2: Cash check for $4834.44, dated City, Nov. 19, drawn by A. J. Morley & Co. on Traders National Bank.

Form 3: Note of Green & Gregory, dated Clyde, Nov. 19, drawn at 3 months, in favor of your firm (A. J. Morley & Co.), for $188.44, payable at Briggs National Bank, Clyde.

Form 4: Invoice of Jordan, Marsh & Co., Boston, dated Nov. 19. Terms: 10-day draft, $500; balance, 60 days net. Items as follows:

10 pcs. (52¼, 40, 43, 45, 42, 47¾, 46, 48, 49½, 50) Fancy Gingham
10 pcs. (44¼, 45, 46, 53, 41¼, 47, 52, 48, 51¼, 50) Fancy Boucle Stripe
10 pcs. (52, 41, 50, 49, 50, 56, 45, 53, 47, 50) Fancy Plaids, all wool
10 pcs. (52, 47, 42¼, 45, 48, 49¼, 47, 56, 52, 58) Fine English Serge
150 doz. Boys' Heavy Cotton Hose
50 gro. Gilt Buttons
75 pcs. Duchesse Lace

The figures in parenthesis above indicate the number of yards in each piece. Observe the following form for such an invoice.

New York, Nov. 20, 19—

Messrs. Raymond & Co.,
Boston, Mass.

Bought of Siegel, Cooper and Co.

Terms: 2/10, net 60 days

	49³ 50²				
5	pcs. A. Cloth 40¹ 60² 53 254	1.00	254		
	54¹ 46³				
5	pcs. F. Plaids 45³ 43¹ 60 250	1.50	375		
25	doz. Whalebones	90¢	22	50	
25	doz. M. K. Gloves	7.00	175		826 50

Follow the foregoing arrangement for all the invoicing in this set. 41^2 is equal to $41\frac{1}{2}$, 45^3 is equal to $45\frac{3}{4}$. Fractions having a denominator other than 2 or 4 are written out in full. In finding the total number of yards in any number of pieces, do not copy off the various items to another sheet, but add them horizontally as they stand. Add the fractions first and reduce them to their simplest form ; then add the integers and write the sum on the bill in the manner shown by the illustration.

NOTE. — Your firm's name is A. J. Morley & Co.

Proceed carefully. Take pride in being accurate, for accuracy is of the utmost importance in business. The accurate business man and the accurate thinker and worker are successful.

Form 5: Draft of Jordan, Marsh & Co., Boston, dated Nov. 19, drawn on your firm, in favor of themselves, at 10 days' sight, for $500.

Form 6: Draft of Traders National Bank, Batavia, on Chemical National Bank, New York, dated Nov. 19, drawn in favor of F. M. Reed & Co., and transferred by them to your firm by full indorsement, for $3262.57, W. D. Fain, Cashier.

Form 7: Invoice of R. W. White & Co., New York, dated Nov. 19. Terms: 3/15, net 30 days. Items as follows:

10 pcs. (45, 52, 41, 50, 56, 62, 61, 50, 52, 58) Am. B. D. Silk
10 pcs. (42, 45, 52, 58, 61, 64, 52, 49, 51, 50) Barjeon Cashmere
10 pcs. (45, 52, $61\frac{1}{4}$, $64\frac{3}{4}$, 62, 50, $50\frac{3}{4}$, 54, 51, 57) B. E. Camel's Hair
100 doz. spools Corticelli Silk
5 pcs. (52, 41, 40, 47, 56) Feather Ticking
50 pcs. Marquise Lace
10 pcs. ($42\frac{1}{4}$, 42, 47, 62, 56, 50, 58, 52, $57\frac{1}{4}$, 54) Striped Denim
20 doz. Men's Balbriggan Half Hose

Form 8: Draft of F. R. Stearns & Co., Boston, dated Nov. 20, drawn on your firm, in favor of themselves, at 4 days' sight, for $630.

Form 9: Bill of F. M. Upton & Co., City, dated Nov. 21, for 6 tons coal at $5.25. Terms: cash.

Bill is receipted by C. O. M. for F. M. Upton & Co.

Form 10: Invoice of the Ellsworth Mills, Detroit, dated Nov. 19. Terms: 3/10, 1/30, net 60 days. Items as follows:

25 doz. Ladies' Cashmere Hose
10 pcs. ($52\frac{3}{4}$, 51, 46, 42, 57, $52\frac{1}{4}$, 56, 58, $57\frac{1}{2}$, 59) V. C. Cloth
6 pcs. (52, 41, 52, 48, 52, $51\frac{1}{4}$) Wash Silk
10 pcs. (42, 41, 46, 50, 49, 48, 49, 52, 47, 45) Taffeta Silk

Form 11: Check of Knowlton & Beach, Rome, dated Nov. 20, drawn on Traders National Bank, in favor of your firm, for $275.

Form 12: Bill of Fisher Bros., Tonawanda, dated Nov. 20, for 1 mahogany roll-top office desk, $125. Terms: cash.

Form 13: Invoice of Freeman Glove Co., City, dated Nov. 21. Terms: 2/10, net 30 days. Items as follows:

75 doz. Men's Kid Gloves 75 doz. Ladies' Kid Gloves

Form 14: Sight draft of C. D. Washburn, Bedford, drawn on Freeman Glove Co., City, Nov. 20, in favor of your firm, for $56.25.

Form 15: Check of Gardiner & Sprong, Rush, dated Nov. 21, drawn on Traders National Bank, in favor of your firm, for $300.

Form 16: Sight draft of Fred S. Goodwin, Savannah, dated Nov. 21, drawn on Geo. R. Tillison, City, in favor of your firm, for $250.

Form 17: Invoice of Ellis Mfg. Co., Springfield, dated Nov. 21. Terms: 3/10, net 30 days. Items as follows:

50 gro. Bone Buttons 100 gro. Gilt Buttons
100 gro. Jet Buttons

Form 18: Receipted bill of Citizens Carting Co., City, dated Nov. 23. Terms: cash. Items as follows:

Nov. 19, Cartage, $4.75; Freight, $69.54
" 20, Cartage, 1.00; Freight, 24.50
" 21, Cartage, 3.50; Freight, 62.50
" 22, Cartage, 3.75

Form 19: Note of B. N. Acker, Byron, dated Nov. 21, drawn at 30 days, with interest at 6%, in favor of your firm, for $1000, payable at Alliance Bank of Byron.

Form 20: Draft of J. V. Richardson & Co., Earlville, dated Nov. 22, on H. A. McDowell & Co., City, in favor of your firm, drawn at 10 days from date, for $150.

Form 21: Check of John B. Howard & Co., City, dated Nov. 22, drawn on Traders National Bank, in favor of your firm, for $600.47.

Form 22: Invoice of C. O. Bond & Co., Philadelphia, dated Nov. 22. Terms: 10-day draft for $250; balance in 30 days, less 2%. Items as follows:

10 pcs. (52¼, 50, 52, 56, 42, 48, 53¾, 54, 56, 50) Gunner's Duck
10 pcs. (47, 45½, 47½, 46, 54, 56, 62, 50, 54, 51) S. M. Print
5 pcs. (47½, 41, 48, 46½, 49) Scotch Cheviot
25 pcs. Duchesse Lace
10 pcs. (49, 42, 52, 47, 41, 46, 40, 54, 62, 60) B. E. Camel's Hair

Form 23: Draft of C. O. Bond & Co., Philadelphia, dated Nov. 22, drawn in their own favor at 10 days from date, on your firm, for $250.

Form 24: Check of C. D. Washburn, Bedford, dated Nov. 22, drawn on Traders National Bank, in favor of your firm, for $605.19.

Form 25: Check of Knowlton & Beach, Rome, dated Nov. 23, drawn on Traders National Bank, in favor of your firm, for $1200.

Form 26: Sight draft of Houghton, Dutton & Co., Chicago, dated Nov. 22, drawn on your firm, in favor of themselves, for $750, and indorsed by them to Merchants Bank, Chicago. Transferred by Merchants Bank to the Union Bank of your place, C. E. Hall, Cashier.

Form 27: Draft of Traders National Bank, Tonawanda, on Chemical National Bank, New York, dated Nov. 22, drawn in favor of D. E. Mosher, and transferred by him to your firm by full indorsement, for $392, S. H. Lyman, Cashier.

Form 28: Notice of protest of note of J. N. Smith & Co., left at Union Bank for collection. The notice is dated Nov. 25, W. E. King, Notary Public. The note is dated Sept. 26.

Take a sheet of ordinary letter paper and prepare the above notice, being guided by Form VIII in the Appendix.

NOTE. — A notice of protest is generally partly printed and partly written, but this is not necessary.

A notice of protest must include the following items of information:

1. A full description of the paper.
2. A statement to the effect that payment has been demanded and refused.
3. A statement to the effect that holder depends on the indorser for settlement.

Form 29: Invoice of Eureka Mills, Little Falls, dated Nov. 24. Terms: 5-day draft for $150; balance in 30 days, less 1%. Items as follows:

10 pcs. (52, 45, 40, 41, 42, 40, 52, 50, 52, 47) Taffeta Silk
10 pcs. (52, 51, 60, 60, 61, 60, 62, 61, 58, 53) Wamsutta Cotton
50 doz. spools Thompson Thread
25 doz. Whalebones
12 pcs. (42, 40¼, 45, 40, 45, 47¾, 41¼, 44, 47, 49, 50, 50) Wash Silk
15 pcs. (41, 52, 48, 62, 61, 47, 58, 57, 56, 52, 41, 42, 43¾, 41, 42) Striped Denim
10 pcs. (48, 42, 53, 47, 49, 41, 48, 52, 52, 48) B. W. Crépon
5 pcs. (42, 48, 52, 58, 50) Fancy Wool Cheviot

Form 30: Draft of Eureka Mills, Little Falls, dated Nov. 24, drawn on your firm, in favor of themselves, at 5 days from date, for $150.

Form 31: Note of Eaton & Co., Williamson, dated Nov. 26, drawn at 30 days, in favor of your firm, for $750, with interest at 6%, payable at Union Bank.

Form 32: Check of J. N. Badger, City, dated Nov. 27, drawn on Traders Bank, in favor of your firm, for $313.35.

Form 33: Sight draft of C. D. Washburn, Bedford, dated Nov. 27, drawn on Howard, Fitzsimmons & Co., City, in favor of your firm, for $150.

Form 34: Draft of Traders National Bank, Rush, on Chemical National Bank, New York, dated Nov. 27, drawn payable to Gardiner & Sprong, and transferred by them to your firm by full indorsement, for $596.33, C. O. Moran, Cashier.

Form 35: Check of L. O. Sweetland, Buffalo, dated Nov. 27, drawn on Traders National Bank, in favor of your firm, for $533.70.

Form 36: Bill of Citizens Carting Co., City, dated Nov. 29. Terms: cash. Items as follows:

Nov. 24, Cartage, $2.25; Freight, $39.42
" 25, Cartage, 1.75
" 26, Cartage, 1.75; Freight, 42.69
" 27, Cartage, 2.00; Freight, 16.20
" 28, Cartage, 1.50
" 29, Cartage, .75

The bill is receipted for Citizens Carting Co.

Form 37: Invoice of Freeman Glove Co., City, dated Nov. 28. Terms: 2/10, net 30 days. Items as follows:

25 doz. Ladies' Kid Gloves
25 doz. Men's Kid Gloves

Form 38: Invoice of Geo. A. Wright & Co., Brooklyn, dated Nov. 28. Terms: 3/10, net 60 days. Items as follows:

20 pcs. Velvet Ribbon
20 pcs. Marquise Lace
20 pcs. Black Chantilly Lace
10 pcs. (42, 48, 52, 58, 62, 38, 49, 51, 54, 46) Percale Shirting
10 pcs. (58, 42, 49, 51, 54, 46, 58, 42, 57, 43) F. W. Cheviot
10 pcs. (47, 53, 64, 36, 52, 48, 49, 51, 48, 52) C. S. Lining
6 pcs. (47, 52, 62, 38, 45, 55) Amazon Cloth
5 pcs. ($49\frac{3}{4}$, $40\frac{1}{4}$, $60\frac{3}{4}$, $50\frac{1}{4}$, 49) Barjeon Cashmere

Form 39: Invoice of Clinton Mills, Syracuse, dated Nov. 28. Terms: 3/10, net 60 days. Items as follows:

10 pcs. (49¾, 50¼, 52¾, 47¼, 42½, 47½, 62, 48, 61, 39) B. W. Lansdowne
5 pcs. (47¾, 52¼, 48¼, 51¾, 50) Scotch Cheviot
20 pcs. Grosgrain Ribbon

Place the foregoing forms in your envelope entitled *Incoming Papers* and hand them to your teacher for approval.

Memoranda of Transactions for November

Wednesday, Nov. 19

In order to make a variety of helpful practice, the student will not be a member of the firm as in previous sets, but will act as bookkeeper and confidential clerk for the wholesale dry goods house of A. J. Morley & Co., located at 624 North Ave., City.

The members of the firm have decided to give you a power of attorney, in order that you may sign and indorse the notes, checks, and all other negotiable paper, letters, etc., of the firm.

Take the power of attorney (Form 1), fold it properly, and in the upper right-hand corner write:

Power of Attorney
A. J. Morley & Co.
to
(Student).
Nov. 19, 19__.

Your firm has decided to withdraw their balance on deposit with the Traders National Bank, City, and deposit it with the Union Bank.

Take the check (Form 2) for $4834.44, indorse it, make out a deposit ticket, place both in your pass book, and open an account at the Union Bank.

The firm name must be written as follows on all indorsements, etc., in this set:

A. J. Morley & Co.,
by (Student), Atty.

In opening an account for the firm by whom you are employed as above, in real business, you would need to take with you your power of attorney, showing the right conferred upon you to indorse paper for deposit, etc.

Enter the amount of the check in your check book; also carry it to a new page of your cash book.

WHAT SHOULD GENERALLY BE DONE ON ASSUMING CHARGE OF A SET OF BOOKS

1. Find out whether the cash proves.
   - *a.* If it does, balance the cash book and post the items that are not already on the ledgers.
   - *b.* If it does not, determine the date on which it did, and trace the errors if you can. If absolutely unable to find the errors, report them to your employers and proceed as instructed by them.

2. Post all the books to date and make a trial balance from the general ledger. If unable to strike a balance, find the last trial balance and compare it with the ledger items of that date. If there are no discrepancies in that sheet, proceed to trace the posting to the general ledger since the date of the trial balance found to be correct. Report errors and discrepancies to your employers and proceed as instructed by them.

3. In like manner test the correctness of the sales and purchase ledgers. Try to locate all errors in these ledgers by careful tracing.

After carefully studying and inspecting the books of your firm you find that everything to date is absolutely correct.

A trial balance of the general ledger exhibits the following amounts:

Trial Balance, A. J. Morley & Co., Nov. 19, 19___

15	Accts. Rec.	16119	10		
32	Mdse.	16205	46		
33	Bills Rec.	4102	50		
19	Int. and Disc.	15	62		
C.B.	Cash	4834	44		
14	Office Fixtures	1750			
42	Real Estate	10500			
40	Insurance	150			
47	Expense	50	60		
48	Mdse. Disct.			62	50
52	Accts. Pay.			10302	22
52	Bills Pay.			4260	
1	A. J. Morley & Co., Investment account			38750	
1	A. J. Morley, Private account			162	50
1	D. O. Mills, Private account			150	
44	Suspense			40	50
		53727	72	53727	72

Your firm has decided to open new books for everything. Enter the foregoing balances in your general ledger. For the date and explanation, write: "Nov. 19, per General Ledger A," and give the page of the old ledger as shown on the trial balance. Give each account one-third of a page. Place the firm account and the two proprietors' accounts on the first page.

An abstract of the sales ledger shows the following balances:

Abstract of Sales Ledger, Nov. 19, 19—

	8	Baker, Shaw & Co., Clifton Springs	1250			
	5	C. D. Washburn, Bedford	1300			
	7	F. M. Reed & Co., Batavia	3363	47		
	8	B. N. Acker, Byron	1307	44		
	9	Chas. H. Dean & Co., Northampton	490	25		
	10	F. O. Saunders, Sodus	275			
	12	Knowlton & Beach, Rome	2363	47		
	16	J. V. Richardson & Co., Earlville	612	25		
	19	D. E. Mosher, Tonawanda	894	09		
	20	Eaton & Co., Williamson	1540	71		
	21	Gardiner & Sprong, Rush	1316	70		
	24	Fred S. Goodwin, Savannah	1028	84		
	27	Green & Gregory, Clyde	376	88		
	15	*Balance per Accts. Rec. in G. L.*			*16119*	*10*
			16119	10	16119	10

Enter the above balances in your sales ledger, four to the page. For the date and explanation, write: "Nov. 19, per Sales Ledger A," and give the page of the old sales ledger indicated in the above abstract. Write the addresses of the firms in the ledger.

An abstract of the purchase ledger shows the following balances:

Abstract of Purchase Ledger, Nov. 19, 19—

	24	Jordan, Marsh & Co., Boston			1807	33
	27	R. W. White & Co., New York			1556	14
	29	F. R. Stearns & Co., Boston			3030	
	34	Houghton, Dutton & Co., Chicago			2014	66
	35	Eureka Mills, Little Falls			681	75
	36	Ellis Mfg. Co., Springfield			912	34
	43	McDowell, Cook & Co., Trenton			75	49
	45	Ogden Mills, Akron			224	51
		Balance per Accts. Pay. in G. L.	*10302*	*22*		
			10302	22	10302	22

Enter the foregoing accounts in your purchase ledger, four to the page. For the date and explanation, write: "Nov. 19, per Purchase Ledger A," and give the page of the old purchase ledger indicated in the foregoing abstract. Write the addresses of the firms in the ledger.

The bill book shows that the following notes, left at Union Bank for collection at the close of yesterday's business, are unpaid.

1. Note of J. E. King for $102.50, dated Akron, Ohio, Oct. 24, payable at Alliance Bank, Akron, Ohio, drawn at 30 days, in favor of A. J. Morley & Co.

2. Note of J. N. Smith & Co., for $500, dated City, Sept. 26, payable at Union Bank, City, drawn at 60 days, with interest at 6%, in favor of A. J. Morley & Co.

3. Note of C. W. Gray & Co., dated Bath, Oct. 27, payable at First National Bank of Bath, and drawn at 30 days, with interest at 6%, in favor of A. J. Morley & Co., for $1500.

4. Note of Jaggard & Co., dated Trenton, Oct. 29, payable at Merchants Bank, Trenton, drawn at 30 days, in favor of A. J. Morley & Co., for $700.

5. Note of S. C. Williams, Warsaw, dated Nov. 3, payable at Commercial Bank, Warsaw, drawn at 30 days, in favor of A. J. Morley & Co., for $1300.

Enter the above notes in your bill book. They were all left at Union Bank for collection Nov. 18.

The following unredeemed notes are also shown in the bill book:

1. Note in favor of D. N. Snow & Co., dated Nov. 3, payable at Union Bank, drawn at 30 days, with interest at 6%, by A. J. Morley & Co., for $3000.

2. Note in favor of Jones Mfg. Co., dated Oct. 31, payable at Union Bank, drawn at 30 days by A. J. Morley & Co., for $1260.

Enter the above bills payable in your bill book.

NOTE. - It is assumed that the two bills payable are with Union Bank for collection. The student will therefore need to draw up both notes and hand them in. (See note, page 173.)

Carefully check over all the work of opening the new books. If you think everything is correct, hand in all books for examination.

THURSDAY, NOV. 20

The account of Green & Gregory, Clyde, cannot be collected in full, as the firm has, by court proceedings, been declared insolvent. Receive

of them their note (Form 3) at three months from Nov. 19, at the rate of 50¢ on the dollar, in full of account to date, $188.44.

Debit Bills Receivable and Loss and Gain, and credit Green & Gregory. Post the entry and close the account of Green & Gregory. In the account make two items of their credit as follows: "Nov. 20, Bills Rec., $188.44; Nov. 20, Loss and Gain, $188.44." This is done so that the account on its face shows the failure of the firm.

The Citizens Carting Co. has just delivered to you the goods ordered of Jordan, Marsh & Co. (Form 4) on the 14th.

Accept, payable at the Union Bank, the accompanying draft (Form 5), dated Nov. 19, at 10 days' sight, for $500.

Draw a sight draft on Chas. H. Dean & Co., Northampton, in favor of your firm, for $300. Indorse it properly and leave it at your bank for collection.

Receive of F. M. Reed & Co., Batavia, a New York draft (Form 6), in full of account, less 3%.

Draw $350 from the bank by a cash check for use in the office. Ask for $5 in change.

Pay Geo. Ellis $10 in cash for cleaning the store and basement.

Make out a daily statement. Post the day's business. Submit your books to your teacher for examination and approval.

Friday, Nov. 21

The Citizens Carting Co. has just completed the delivery of the goods ordered of R. W. White & Co. (Form 7) on the 15th.

D. O. Mills and A. J. Morley each withdraw for private use $50 in cash.

Accept the draft of F. R. Stearns & Co., Boston (Form 8), in favor of themselves, dated Nov. 20, at 4 days' sight, payable at Union Bank, for $630.

Pay F. M. Upton & Co.'s bill (Form 9) for coal, $31.50, by check.

Goods ordered of the Ellsworth Mills, Detroit (Form 10), on the 13th have all been received to-day.

Receive of Knowlton & Beach, Rome, their check (Form 11) for $275, to apply on account.

Receive of Fisher Bros., Tonawanda, bill (Form 12) for 1 mahogany roll-top office desk, $125. Pay the bill by a sight draft on D. E. Mosher, Tonawanda.

Enter in the journal. Debit Office Fixtures.

Goods ordered of Freeman Glove Co., City, on the 18th (Form 13) have been received.

Receive of C. D. Washburn, Bedford, a sight draft (Form 14) on the Freeman Glove Co., City, in favor of your firm, for $56.25. The letter containing the draft ordered the following goods:

5 pcs. (42¼, 40, 52, 53½, 49) Am. B. D. Silk
3 pcs. (47½, 48, 52½) Amazon Cloth
25 doz. Boys' Heavy Cotton Hose
15 gro. Bone Buttons
15 doz. spools Corticelli Silk
25 pcs. Fancy Black Ribbon

Fill the order. Terms: 2/10, 1/30, net 60 days.

The box and goods when packed for shipment weigh 200 pounds. Fill out the shipping order and receipt in the regular way, but do not itemize the articles sent. The whole order may be described as follows:

1 box Dry Goods

Write a letter to the Freeman Glove Co., inclosing C. D. Washburn's draft, to apply on account.

Deposit the New York draft and the check on hand. $\frac{1}{10}\%$ collection on the check.

Make out a daily statement and have it approved. Post the day's business, and submit all your books to your teacher for examination and approval.

SATURDAY, NOV. 22

The following orders were received in this morning's mail.

1. From F. O. Saunders, Sodus, an order for:

5 doz. Ladies' Kid Gloves — 2 pcs. (50½, 42) Taffeta Silk
15 doz. pcs. L. Torchon Lace — 5 doz. Men's Balbriggan Half Hose
5 pcs. (54¼, 50, 47½, 48, 49) Striped Denim

Fill the order. Terms: 2/10, 1/30, net 60 days. You find that the box and the goods weigh 175 pounds.

2. From Eaton & Co., Williamson, an order for:

9 doz. Whalebones — 5 doz. Men's Kid Gloves
5 pcs. Velvet Ribbon — 5 pcs. (42, 47, 52, 54, 49) P. Shirting
4 pcs. (52, 60, 49½, 50) Simpson Mourning Print

Fill the order. Terms: 2/10, 1/30, net 60 days. The box and goods weigh 200 pounds.

3. From Gardiner & Sprong, Rush, an order for:

5 pcs. Duchesse Lace	4 pcs. (47, 52, 45, 50) S. Cheviot
5 doz. Men's Kid Gloves	3 pcs. (49½, 47¾, 49¼) B. W. Crépon
5 doz. spools Thompson Thread	3 pcs. (51¼, 52, 52¾) V. C. Cloth

Fill the order. Terms: 2/10, 1/30, net 60 days. The box and goods weigh 240 pounds.

With the above order was a check (Form 15) for $300, to apply on account.

Receive of Fred S. Goodwin, Savannah, a sight draft (Form 16) on Geo. R. Tillison, City, for $250, to apply on account.

You know that the draft is good and credit Goodwin for its face. Place the draft in the *Business Cash* envelope.

Goods ordered of Ellis Mfg. Co. on the 17th (Form 17) have all been delivered by the Citizens Carting Co.

Pay by check bill of the Citizens Carting Co. (Form 18) for freight and cartage to date, $169.54.

Charge Merchandise in the cash book.

Pay salaries for the week in cash, $135.

Charge Salary in the cash book.

Write a letter to Wm. J. Tenny, Albany, inclosing a check for $140, in payment for his November salary. He is to start on a two weeks' vacation on Monday.

Charge Traveling Expenses in the cash book.

Receive of B. N. Acker, Byron, his note (Form 19), in favor of your firm, for $1000, drawn at 30 days, from Nov. 21, with interest at 6%, payable at Alliance Bank of Byron.

Receive of J. V. Richardson & Co., Earlville, their draft, drawn at 10 days after date, on H. A. McDowell & Co., your city, in favor of your firm, for $150, to apply on account.

Take the above draft (Form 20) to your offices or teacher for acceptance.

A letter containing the above draft ordered the following goods:

5 gro. Gilt Buttons
5 pcs. (45, 42, 54, 56, 55¾) Fancy Gingham
4 pcs. (56, 62¼, 66¾, 64) Cotton Surah Lining
2 pcs. (45¾, 47) Black Wool Crépon
5 pcs. (45¼, 45¾, 44, 46, 45) Bengaline Silk

Fill the order. Terms: 2/10, 1/30, net 60 days. The box and goods weigh 320 pounds.

John B. Howard & Co., City, write ordering:

5 pcs. (47¼, 48, 52, 60, 57) Barjeon Cashmere
3 pcs. (42¼, 44¾, 46) Black English Camel's Hair

They inclose their check (Form 21) in payment for the bill, less 2%.

Enter the above in the sales book, deducting the 2% discount allowed. Enter the check to the credit of John B. Howard & Co. in the cash book. Place a small X in the folio columns of sales book and cash book opposite the firm name to show that neither of the items should be posted. This is to illustrate how some business houses keep "spot cash" sales out of the sales ledger.

D. O. Mills, who has been out of town several days, has just returned. In looking over your books he notices the Suspense account of $40.50, and is reminded that on the day he left for Boston, Nov. 17, he sold Joseph L. Dillingham, City, for cash, 2 pcs. (40, 41) Scotch cheviot; that the cash was put in the cash drawer, but that no bill was rendered or memorandum made.

Make the proper entries to adjust this blunder. Proceed as follows:

1. Make an entry on the right-hand side of the cash book, in red ink, debiting Suspense account $40.50.

2. Enter the sale in the sales book in the regular way. Check the amount X, so that it will not be posted.

3. Credit Joseph L. Dillingham on the left-hand side of the cash book in the regular way. Check the amount X, so that it will not be posted.

SUSPENSE ACCOUNT EXPLAINED

The Suspense account, as it is sometimes employed, contains the items of "cash over" or "cash shortage." Sometimes when several persons handle the cash, money is taken in or paid out and no memorandum made; and, again, *sometimes* a remittance is made in such a way as to fail to disclose the name of the person who made it. About the only thing to do in such cases is:

a. For "cash over": debit Cash and credit Suspense account.

b. For "cash shortage": debit Suspense account and credit Cash.

These entries are generally made in red ink.

The Suspense account may represent either a resource or a liability or a loss or a gain; as,

a. Where items of suspense have been of long standing at the time of making a statement of the business, the balance is usually carried into loss or gain, depending upon which side is the larger.

b. Where such items have not been of long standing, they are treated as resources or liabilities, depending upon which side is the larger.

Give M. P. Keeler a check for $100 for the private account of D. O. Mills.

Give H. C. Benway a check for $120 for painting the store. Charge Real Estate.

Deposit the two checks and the sight draft on hand. $\frac{1}{10}\%$ collection on Gardiner & Sprong's check.

Make out a daily statement and have it approved. Post the day's business and submit all your books to your teacher for examination and criticism.

MONDAY, NOV. 24

Discount at Union Bank the note received of B. N. Acker on the 22d. Receive credit for the proceeds.

Make out a discount memorandum, pin it to the note, place in the pass book, and go to the bank and receive the proper credit.

HOW TO DISCOUNT AN INTEREST-BEARING NOTE

1. Add the interest for the full time to the face of the note.
2. Discount the amount of the note (the face plus the interest) for the time from the date of discount to the maturity of the note.
3. Subtract the discount found from the **amount of the note,** and the difference is the sum for which you should receive credit.

Credit Bills Receivable in the cash book for the face of the note; credit Interest for the amount of the interest and debit Discount for the discount deducted. Make the proper record in the bill book.

Goods ordered of C. O. Bond & Co., Philadelphia, on the 17th have just been received (Form 22).

Accept, payable at Union Bank, the draft which accompanied the above invoice (Form 23). Draft is dated Nov. 22 and is payable in 10 days, for $250.

A telegraphic order has just been received from Evans, Hoyt & Co., Troy, ordering the following goods to be shipped by fast freight, C.O.D.:

6 pcs. (45, 42, 45, $47\frac{3}{4}$, $41\frac{1}{4}$, 40) Bengaline Silk
25 pcs. Black Chantilly Lace
5 doz. Whalebones
5 pcs. ($47\frac{1}{2}$, 45, 41, $45\frac{1}{2}$, 47) Fancy Boucle Stripe
5 pcs. (47, 52, 60, 65, 67) Cotton Surah Lining
5 pcs. (42, 40, 41, 40, 54) Fine English Serge

Ship C.O.D. to the order of Union Bank, less 2%. Be sure to make out all the necessary papers. Attach the draft to the bill of lading.

Indorse the draft properly and leave it at Union Bank for collection. The box and goods weigh 350 pounds.

The following orders were received in this morning's mail. Fill them in the regular way. Terms on the first: 2/10, 1/30, net 60 days; on the second, 30-day note, with interest, in 10 days, less 1%.

1. From F. M. Reed & Co., Batavia, an order for:

10 pcs. (47½, 51, 45, 48, 49, 51½, 46, 49, 53, 52) Gunner's Duck
10 pcs. Grosgrain Ribbon
5 doz. Ladies' Cashmere Hose
5 pcs. Marquise Lace
4 pcs. (42½, 47½, 45, 50) Percale Shirting
2 pcs. (45, 46) Simpson Mourning Print

The box and goods weigh 320 pounds.

2. From Berriman & Co., Syracuse, an order for:

5 pcs. Velvet Ribbon
3 pcs. (52¼, 50¾, 42) Taffeta Silk
2 pcs. (42¼, 45¾) Wash Silk
4 pcs. (46½, 47½, 50, 52) S. Cheviot
3 pcs. (46½, 47, 41) Venetian Crape Cloth

The above box and goods weigh 230 pounds.

Pay the balance due Ogden Mills, Akron, by check, less 2%.

Write a letter inclosing the check and hand it in.

Receive of C. D. Washburn, Bedford, a check (Form 24) in full for invoice of the 21st, less 2%.

Write a letter to R. W. White & Co., New York, inclosing a check in payment for the invoice of the 14th, less 3%. Amount of invoice, $950.50.

Also write a letter to Houghton, Dutton & Co., Chicago, inclosing a check in payment for the invoice of the 15th, less 2%. Amount of the invoice, $379.50.

Deposit the check on hand. Collection, $\frac{1}{10}$%.

Make out a daily statement and hand it in. Post the day's business and hand in all your books for approval.

Tuesday, Nov. 25

Your firm has just received a letter from Williams, Howard & Co., Springfield, asking for information with regard to the financial standing and general business equipment of Starr, Jordan & Co., of your city. You are asked to wire your reply.

You confer with A. J. Morley, the senior member of your firm, and at his suggestion send a telegram giving the following information:

The firm of Starr, Jordan & Co. do not stand well financially in your section. They were losers to the extent of over $10,000 by the failure

of Smith, Jones & Co., Buffalo, who became insolvent about six months ago, and from this they have not fully recovered, nor, in your opinion, will they for some time to come. The members of the firm are, however, men of sterling integrity, and their statements can be depended upon.

Write the telegram and hand it in. Observe the following:

1. Do not refer to the firm of Starr, Jordan & Co. by name, since your report is somewhat unfavorable.
2. Limit your message to eighteen words.
3. Do not prepay the charges.

The following orders were received in this morning's mail. Fill each of them in the regular way. Terms: 2/10, 1/30, net 60 days.

1. From Gardiner & Sprong, Rush, an order for:

5 pcs. (40, 41, 42, 45, 46) Black Wool Lansdowne
4 pcs. (42, 41¼, 45¾, 46) Amazon Cloth
3 pcs. (47, 52, 64) Cotton Surah Lining
4 pcs. (52, 47, 48, 51) Fancy Wool Cheviot
5 pcs. (46¼, 47¾, 52½, 56½, 50) Barjeon Cashmere
5 gro. Gilt Buttons
10 pcs. Fancy Black Ribbon
12 doz. spools Corticelli Silk
10 doz. Boys' Heavy Cotton Hose
2 doz. Men's Kid Gloves
3 pcs. (47, 42¼, 45) Simpson Mourning Print

The above was shipped in two boxes weighing, when packed, 270 and 190 pounds respectively.

2. From L. O. Sweetland, Buffalo, an order for:

3 pcs. (42¾, 41, 45) Simpson Mourning Print
10 pcs. Velvet Ribbon
10 pcs. (50, 42, 53, 47, 41, 40, 45, 48½, 47½, 50) Wash Silk
3 pcs. (42, 41, 45) Fancy Gingham
3 pcs. (47, 42, 45) Fine English Serge
6 pcs. (42¼, 42½, 45, 48½, 45, 40) Fancy Plaids

The above was shipped in one box weighing, when packed, 390 pounds.

Your bank informs you that the draft drawn on Chas. H. Dean & Co. on the 20th has been collected. Collection, $\frac{1}{10}\%$.

Have the amount credited in your pass book. Make the proper entries in your cash book.

Receive of Knowlton & Beach, Rome, a check (Form 25) for $1200, to apply on account.

Pay the sight draft of Houghton, Dutton & Co., Chicago (Form 26), by check, $750.

Make the check in favor of Union Bank, as the draft is presented by the bank for collection.

Draft in favor of F. R. Stearns & Co., due to-day at the bank, has been charged to your firm's account.

Receive of D. E. Mosher, Tonawanda, a New York draft (Form 27) for $392, in settlement for the invoice of the 15th, less 2%.

NOTE. — To find the amount of the bill divide the amount received by 98%.

Deposit the check and the New York draft on hand. Collection on the check, $\frac{1}{10}\%$.

Your bank notifies you that the note made by J. E. King, left for collection, has been paid. No collection charged.

Have the amount entered in your pass book, and make the proper entries in the check book, cash book, and bill book.

Write a letter to Jordan, Marsh & Co., Boston, inclosing a check in payment for the invoice of the 16th, less 3%. Amount of the invoice, $719.50.

Make out a daily statement and hand it in. Post the day's business and hand in all books for criticism.

WEDNESDAY, NOV. 26

Receive from Union Bank notice of protest (Form 28) of J. N. Smith & Co.'s note, due yesterday. Pay the protest fees in cash, $1.

No entry was made for the note when it was left for collection, and therefore no entry is required for it at this time. Write *Protested* in the *Remarks* column of the bill book, and debit Protest Fees in the cash book for the notary's charge for protesting.

WHEN PROTEST IS NECESSARY

1. When payment of a note or draft has been formally demanded and refused, it should be protested.

2. All foreign drafts must be protested, either for non-payment or non-acceptance, or the drawers or indorsers will be relieved of all responsibility.

3. While it is quite unnecessary to protest a note on which there is no indorser, the majority of banks will protest all paper that is not paid at maturity, unless they are specifically instructed to the contrary. **No protest** is sometimes printed on a perforated slip at the end of a note or draft. These words may be left on or detached at the discretion of the indorser of the paper.

VALUE OF PROTEST

1. In a general way a protest aids in securing prompt attention on the part of the payer to all his maturing negotiable obligations payable at a bank.

2. A protest in an indirect way aids the business man in the collection of overdue accounts, etc. A debtor will, in most cases, pay more prompt attention to a sight draft drawn upon him, which may go to protest, than he will to the ordinary statement of account or request for a remittance, since a protest is generally understood to mean that the payer of the instrument protested has not the financial ability to meet his obligations promptly.

METHOD OF PROTESTING

1. The notary takes the bill and demands payment, which is refused.
2. He writes out a statement in effect:
   - *a.* That he has presented and demanded payment of the bill.
   - *b.* That payment has been refused.
   - *c.* That he protests against the drawers and indorsers.
   - *d.* That due notice has been given to indorsers, etc.
3. He affixes his name and seal to the paper.
4. The protest is then attached to the note or draft and is filed by the holder.

(For Certificate of Protest, see Form VII in the Appendix.)

W. E. Simpson, City, has just telephoned for the following goods. He instructs you to draw on him at sight for the amount of the bill.

5 pcs. (42¼, 44¾, 48, 51, 62) Feather Ticking
2 pcs. (42½, 45) Black Wool Crépon
5 doz. Boys' Heavy Cotton Hose
3 pcs. (47, 45, 52) Barjeon Cashmere
4 pcs. (45½, 46, 43, 41) Amazon Cloth
3 pcs. (48, 52, 40) Black English Camel's Hair

Fill the order. Terms: sight draft, less 2%.

Draw the draft and place it in the *Business Cash* envelope. Enter in the cash book and sales book. Check the items on both books, so that the proceeds of the bill need not be entered in the sales ledger.

J. N. Badger, City, has just telephoned for the following goods:

6 pcs. (45, 42, 41, 40, 53, 49) Fancy Boucle Stripe
25 pcs. Fancy Black Ribbon
5 doz. Ladies' Kid Gloves
5 doz. Men's Kid Gloves
2 pcs. (42¾, 41½) Taffeta Silk
5 gro. Jet Buttons

Fill the order. Terms: 2/10, 1/30, net 60 days.

The Citizens Carting Co. has just completed the delivery of the goods ordered of Eureka Mills (Form 29) on the 18th.

Accept, payable at Union Bank, the draft (Form 30), in favor of Eureka Mills, for $150, which accompanied the above invoice.

Receive of Eaton & Co., Williamson, their note (Form 31) at 30 days, in favor of your firm, for $750, with interest at 6%.

Write a letter to Ogden Mills, Akron, ordering:

10 pcs. Am. Black Dress Silk	10 pcs. Fancy Plaids
10 pcs. Black Wool Crépon	10 pcs. Amazon Cloth
100 doz. spools Corticelli Silk	10 pcs. B. E. Camel's Hair

10 pcs. Velvet Ribbon

Write a letter to Ellis Mfg. Co., inclosing a check in payment for the invoice of the 21st, less 3%.

Deposit the sight draft on hand.

Make out a daily statement. Post. Hand in your books for criticism.

Thursday, Nov. 27

Write a letter to McDowell, Cook & Co., Trenton, ordering:

10 pcs. Wamsutta Cotton	10 pcs. Taffeta Silk
10 pcs. Wash Silk	7 pcs. Striped Denim
10 pcs. Venetian Crape Cloth	7 pcs. Scotch Cheviot

Give A. J. Morley a check for $50 for private use.

Give S. M. Wells a check for $50 for the private account of D. O. Mills.

Telegraph Houghton, Dutton & Co., Chicago, ordering:

50 pcs. Black Chantilly Lace	125 pcs. Velvet Ribbon
50 pcs. Fancy Black Ribbon	60 pcs. Duchesse Lace

Pay the cost of the telegram in cash, $1.50.

Fill the following orders, which were received in this morning's mail. Terms: 2/10, 1/30, net 60 days.

1. From Jas. B. Stillman, Rochester, an order for:

3 pcs. (47, 42, 45) P. Shirting	2 pcs. (52, 61) S. Denim
4 doz. Men's B. Half Hose	2 gro. Jet Buttons
3 doz. pcs. L. Torchon Lace	3 pcs. Grosgrain Ribbon

The above box and goods when packed weigh 140 pounds.

2. From Earl & Sampson, Hopewell, an order for:

2 pcs. (42, 45) P. Shirting	2 pcs. (42, 47) G. Duck
2 pcs. (45, 52) Fine Eng. Serge	2 pcs. (47, 45) S. Cheviot

2 pcs. (48, 41¼) Fancy Wool Cheviot

You find that the above box and goods weigh 160 pounds.

Your bank notifies you that the note of C. W. Gray & Co., left for collection, has been paid. Face of the note, $1500. Interest to date, $7.50. Collection charged, $1.50.

Enter in the cash book, check book, and bill book. Receive the proper credit in the pass book.

Receive a check of J. N. Badger (Form 32) in full for bill of the 26th, less 2%.

Deposit the check just received.

Make out a daily statement. Post the day's business. Have your books examined and approved.

FRIDAY, NOV. 28

Receive of C. D. Washburn, Bedford, a sight draft on Howard, Fitzsimmons & Co., City (Form 33), for $150, to apply on account.

You know the draft to be as good as cash. Place it in your *Business Cash* envelope and credit C. D. Washburn in the cash book for the amount.

Receive of Gardiner & Sprong, Rush, a New York draft (Form 34) in payment of the invoice of the 22d, less 2%.

Discount at Union Bank the note received of Eaton & Co. on the 26th and receive credit for the proceeds.

Follow the instructions for a similar transaction, page 219.

Telephone Freeman Glove Co., City, ordering:

25 doz. Ladies' Kid Gloves
25 doz. Men's Kid Gloves

Write a letter to Jordan, Marsh & Co., Boston, ordering:

25 pcs. Barjeon Cashmere
10 pcs. Amazon Cloth
25 pcs. Fancy Wool Cheviot
25 pcs. Black Wool Crépon

Remit Freeman Glove Co., City, a check in payment for the balance due on the invoice of the 21st, less 2%.

Fill the following orders. Terms: 2/10, 1/30, net 60 days.

1. From Benj. Tracy & Co., City, an order for:

15 doz. Men's Kid Gloves
15 doz. Ladies' Kid Gloves
6 pcs. (42, 41¼, 45¾, 42½, 44½, 40) Fine English Serge
6 pcs. (42¼, 43½, 45, 47¼, 48, 49) Fancy Plaids
3 pcs. (42¼, 40, 44) Fancy Gingham

2. From F. M. Reed & Co., Batavia, an order for:

7 pcs. (42, 41, 40¾, 45, 47½, 42, 47) Am. Black Dress Silk
5 pcs. (42½, 46, 42, 43, 40) Amazon Cloth
5 pcs. (42¼, 40, 42, 43¼, 45) Black Wool Lansdowne
5 doz. Ladies' Kid Gloves
10 doz. Whalebones
5 pcs. Duchesse Lace

You find that the above goods when packed weigh 390 pounds.

Deposit the sight draft on hand, also New York draft. Collection on the sight draft, $\frac{1}{10}\%$.

Make out a daily statement. Post. Have your books approved.

SATURDAY, NOV. 29

Your bank informs you that the sight draft attached to bill of lading of the 24th has been collected. Collection, $\frac{1}{10}\%$.

Enter in the cash book and check book. Have the amount entered in the pass book.

Receive a check (Form 35) from L. O. Sweetland, Buffalo, in payment for invoice of the 25th, less 2%.

Draft in favor of Eureka Mills, due to-day, has been charged to your account at the bank.

Pay bill of the Citizens Carting Co. (Form 36) for freight and cartage to date, $108.31, by check.

Draw from the bank for office expenses $150 by cash check.

Pay salaries for the week in cash, $135.

Goods ordered of Freeman Glove Co. on the 28th (Form 37) have been delivered.

Fill the following orders. Terms: 2/10, 1/30, net 60 days.

1. From F. O. Saunders, Sodus, an order for:

6 pcs. (42, 45, 47, 42, 47, 48½) S. Denim
4 pcs. (52, 47, 53¼, 48) Taffeta Silk
7 pcs. (45¼, 42, 45, 46, 47¾, 40, 42) Fancy Gingham
10 gro. Gilt Buttons
10 doz. Boys' H. C. Hose

The above goods when packed weigh 350 pounds.

2. From B. N. Acker, Byron, an order for:

25 doz. spools Corticelli Silk
25 gro. Bone Buttons
5 pcs. (42¼, 43, 45, 44½, 40) Bengaline Silk
5 pcs. (40¼, 42½, 40, 41, 42) Cotton Surah Lining
5 pcs. (42¾, 45, 46, 42, 47) Feather Ticking

The box and goods weigh 320 pounds.

Goods ordered of Geo. A. Wright & Co., Brooklyn (Form 38), on the 17th have been delivered; also goods ordered of Clinton Mills, Syracuse (Form 39), on the 16th.

Deposit the check on hand; no collection charged.

Your bank informs you that J. N. Smith & Co. have paid their protested note of the 26th, together with interest to date, $5.33, and notary fees, $1.

Have the amount entered in your pass book. Credit Bills Receivable $500, Interest $5.33, Protest Fees $1. Add $506.33 to your bank balance in the check book.

Make out a daily statement. Post in the regular way.

Closing the Work for November

1. Balance the cash book and post the totals to the general ledger.
2. Rule and foot the sales book. Make the proper entry for total. Post the entry to the general ledger.
3. Rule and foot the journal and make the proper entry for the total. Post the entry to the general ledger.
4. Rule and foot the invoice book. Make the proper entry for the total. Post the entry to the general ledger.
5. Prove the bill book.
6. Make an abstract of the sales ledger and have it approved.
7. Make an abstract of the purchase ledger and have it approved.
8. Make a trial balance from the general ledger and have it approved.
9. Have your pass book written up and compare it with the check book.
10. Hand in all your books to your teacher for criticism.

Business Forms for December

Before taking up the memoranda for December prepare the following forms:

Form 40: Invoice of Ogden Mills, Akron, dated Nov. 29. Terms: 2/10, net 30 days. Items as follows:

10 pcs. (57½, 52, 49, 48, 46, 53½, 51, 56, 50½, 51) Am. Black Dress Silk
10 pcs. (52, 49, 52, 47, 56½, 51, 54½, 53, 57½, 59) Amazon Cloth
10 pcs. (52, 50, 46½, 47¼, 48, 52, 51, 50¾, 54, 51) B. E. Camel's Hair
10 pcs. (52, 48, 46¾, 47, 49, 61, 58, 53, 56¼, 54) B. W. Crépon
100 doz. spools Corticelli Silk
10 pcs. (54½, 53, 57, 56, 50, 48, 47, 49, 52¼, 54) Fancy Plaids
10 pcs. Velvet Ribbon

Form 41: Check of B. N. Acker, Byron, dated Nov. 29, drawn on Traders National Bank, in favor of your firm, for $403.14.

Form 42: Sight draft of Earl & Sampson, Hopewell, dated Nov. 29, drawn on Williams, Seamans & Co., City, in favor of your firm, for $29.45.

Form 43: Draft of Traders National Bank, Rochester, on Chemical National Bank, New York, dated Nov. 29, drawn in favor of Jas. B. Stillman, and transferred by him to your firm by full indorsement, for $63.47, C. C. Canan, Cashier.

Form 44: Draft of Union Bank, City, on Chemical National Bank, New York, dated Dec. 1, drawn in favor of your firm, for $718.27, W. B. Frey, Cashier.

Form 45: Check of H. A. McDowell & Co., City, dated Dec. 2, drawn on Traders National Bank, in favor of your firm, for $150.

Form 46: Bill of Myers, Teeter & Co., Savannah, dated Nov. 29. Terms: cash. Items as follows:

5 M 28-lb. M. Envelopes at $1.25	1 M R. B. Envelopes at $2
25 lbs. ⅛ Billheads at 12½¢	25 lbs. Statement Blanks at 14¢
10 lbs. Blotting Paper at 8¢	5 rms. L. T. Paper at $1.75

Form 47: Check of Gardiner & Sprong, Rush, dated Dec. 1, drawn on Traders National Bank, in favor of your firm, for $1155.67.

Form 48: Invoice of Houghton, Dutton & Co., Chicago, dated Dec. 1. Terms: 2/15, net 60 days. Items as follows:

50 pcs. Fancy Black Ribbon	60 pcs. Duchesse Lace
50 pcs. Black Chantilly Lace	125 pcs. Velvet Ribbon

Form 49: Check of Benj. Tracy & Co., City, dated Dec. 3, drawn on Traders National Bank, in favor of your firm, for $781.21.

Form 50: Invoice of McDowell, Cook & Co., Trenton, dated Dec. 2. Terms: 2/10, net 60 days. Items as follows:

10 pcs. (47½, 45, 50, 51, 52½, 56, 54, 51, 56, 50¾) Wamsutta Cotton
10 pcs. (47, 46, 52, 40, 42, 41, 40, 42, 42¼, 40) Wash Silk
10 pcs. (42¼, 46, 52, 47, 55, 31, 52, 47, 51¼, 50) V. C. Cloth
10 pcs. (42, 50, 47, 50, 51, 52, 46, 52, 41, 50) Taffeta Silk
7 pcs. (48, 52, 57, 54, 56, 51, 50¾) Striped Denim
7 pcs. (47, 52, 49¼, 47, 52, 46, 42) Scotch Cheviot

Form 51: Sight draft of Chas. H. Dean & Co., Northampton, dated Dec. 3, drawn on N. P. Pond, City, in favor of your firm, for $29.32.

Form 52: Check of W. F. Pratt, Utica, dated Dec. 3, drawn on Traders National Bank, in favor of your firm, for $321.57.

Form 53: Check of Knowlton & Beach, Rome, dated Dec. 3, drawn on Traders National Bank, in favor of your firm, for $250.

Form 54: Check of J. V. Richardson & Co., Earlville, dated Dec. 3, drawn on Traders National Bank, in favor of your firm, for $350.

Form 55: Note of Berriman & Co., Syracuse, dated Dec. 1, drawn at 30 days, with interest at 6%, in favor of your firm, for $421.94.

Form 56: Invoice of Jordan, Marsh & Co., Boston, dated Dec. 4. Terms: 3/10, net 60 days. Items as follows:

25 pcs. (42, 41, 46, 52, 41, 50, 52, 48, 40, 41, 40, 50, 51, 52, 46, 42, 41¼, 48, 52, 40, 42, 47½, 48, 49, 51) Barjeon Cashmere
10 pcs. (47¼, 50, 52, 61, 62, 48, 53, 57, 49, 54) Amazon Cloth
25 pcs. (47½, 48, 52, 49, 51, 48, 52, 49, 50¼, 52, 56, 52, 47, 50, 50¼, 49, 52¾, 51½, 52¼, 56, 52, 56, 49, 42, 41) Black Wool Crépon
25 pcs. (47½, 49, 51, 48½, 47, 50, 41, 46, 52, 47¼, 46, 52¼, 56, 40, 41, 43, 46, 44, 48¼, 49, 52, 52, 47, 48, 50½) Fancy Wool Cheviot

Form 57: Draft of Traders National Bank, Auburn, dated Dec. 4, drawn on Chemical National Bank, New York, in favor of Henderson & Everett, and transferred by them to your firm by full indorsement, $805.53, C. E. Denison, Cashier.

Form 58: Sight draft of Eaton & Co., Williamson, dated Dec. 4, drawn on F. M. Everett, City, in favor of your firm, for $24.17.

Form 59: Check of F. O. Saunders, Sodus, dated Dec. 4, drawn on Traders National Bank, in favor of your firm, for $279.97.

Form 60: Draft of Traders National Bank, Albany, dated Dec. 4, drawn on Chemical National Bank, New York, in favor of Harlan & Wilson, and transferred by them to your firm by full indorsement, $786.23, D. O. Morehouse, Cashier.

Form 61: Sight draft of F. R. Stearns & Co., Boston, dated Dec. 4, drawn on your firm, in favor of themselves, for $500; indorsed by F. R. Stearns & Co. to Commercial Bank, Boston, and by Commercial Bank to Union Bank, City.

Form 62: Invoice of R. W. White & Co., New York, dated Dec. 5. Terms: 3/15, net 60 days. Items as follows:

10 pcs. (47½, 45, 56, 52, 49, 51, 52, 47, 49, 50) Am. Black Dress Silk
10 pcs. (42¼, 43, 44, 41½, 46, 47, 49, 52, 44, 43) Bengaline Silk
10 pcs. (42¼, 46, 44, 42½, 45, 46, 45, 45, 50, 50) B. E. Camel's Hair
12 pcs. (44, 41, 42, 39, 62, 47, 52, 41, 46, 54, 61, 52½) Feather Ticking
12 pcs. (42¼, 47, 43, 45, 52, 57½, 59, 56, 54½, 54½, 50, 48) S. Denim
5 doz. Men's Balbriggan Half Hose
10 pcs. Marquise Lace

Form 63: Draft of Traders National Bank, Lynn, dated Dec. 4, drawn on Chemical National Bank, New York, in favor of Ellis & Farmer, and transferred by them to your firm, for $683.57, F. O. Simpson, Cashier.

Form 64: Bill of the Citizens Carting Co., City, dated Dec. 6. Terms: cash. Items as follows:

Dec. 1, Cartage, $3.75; Freight, $47.50
" 2, Cartage, 1.50
" 3, Cartage, 2.50
" 4, Cartage, 3.00; Freight, 27.56
" 5, Cartage, 4.00; Freight, 32.05
" 6, Cartage, 1.00

Form 65: Check of D. E. Mosher, Tonawanda, dated Dec. 5, drawn on Traders National Bank, in favor of your firm, for $150.

Form 66: Invoice of Macy, Cooper & Co., New York, dated Dec. 5. Terms: 3/10, net 30 days. Items as follows:

100 gro. Bone Buttons
100 gro. Jet Buttons
100 gro. Gilt Buttons
25 doz. Whalebones

Form 67: Draft of Traders National Bank, Rush, on Chemical National Bank, New York, dated Dec. 4, payable to Gardiner & Sprong, and transferred by them to your firm by full indorsement, for $1006.53, C. O. Moran, Cashier.

Form 68: Draft of Traders National Bank, Savannah, on Chemical National Bank, New York, dated Dec. 5, payable to Fred S. Goodwin, and transferred by him to your firm, by full indorsement, for $1110.89, D. D. Sprague, Cashier.

Form 69: Check of Benj. Tracy & Co., City, dated Dec. 6, drawn on Traders National Bank, in favor of your firm, for $1244.38.

Place the forms in the proper envelope and hand them in.

Monday, Dec. 1

Draft in favor of Jordan, Marsh & Co., made payable at the bank and due yesterday (Sunday), has been charged to your account.

Enter in the cash book, check book, and bill book.

The bank also notifies you that the note of Jaggard & Co. has been credited to your account, less 75¢ collection.

Enter in the cash book, check book, and bill book. Have the amount entered in your pass book.

Note in favor of Jones Mfg. Co., due yesterday, has been charged at the bank, $1260.

The Citizens Carting Co. has just delivered to you the goods ordered of Ogden Mills (Form 40) on the 26th ult.

Received of B. N. Acker, Byron, check (Form 41) for invoice of the 29th ult., less 2%.

Your traveling man, Wm. J. Tenny, has just resumed his work in eastern New York after a vacation of two weeks.

He sends you the following orders to be filled on the regular terms.

1. Order of Harlan & Wilson, Albany, for:

5 pcs. (45½, 40, 47, 52, 67) American Black Dress Silk
8 pcs. (47, 52, 61¾, 49, 63, 49, 59, 61) Black Wool Lansdowne
12 doz. Boys' Heavy Cotton Hose
12 doz. Ladies' Cashmere Hose
9 pcs. Marquise Lace
8 pcs. (49, 52, 54, 52¾, 57¼, 56, 49, 61¾) Percale Shirting
12 doz. spools Thompson Thread
9 doz. Whalebones
3 pcs. (47, 45, 42) Wash Silk

Fill the order. Terms: 2/10, 1/30, net 60 days. The box and goods weigh 420 pounds.

2. Order of W. F. Pratt, Utica, for:

6 pcs. (49, 51¾, 54, 56, 61, 68) Gunner's Duck
25 pcs. Grosgrain Ribbon
7 gro. Jet Buttons
3 gro. Gilt Buttons
8 pcs. (52, 47, 48½, 45¼, 47¾, 49, 47½, 49¼) Scotch Cheviot
3 pcs. (47½, 49¼, 50¼) Simpson Mourning Print

Fill the order. Terms: 2/10, 1/30, net 60 days. The box and goods weigh 320 pounds.

Send Wm. J. Tenny, at Albany, N.Y., a check for $100 for traveling expenses. In your letter ask him to visit, as soon as possible, Hall, Balliett & Co., Springfield, from whom you received an inquiry this morning relative to your general line of goods. Give him some other general instructions.

NOTE. — The student should bear in mind the important part that business correspondence plays in the affairs of all large mercantile houses of to-day, and try to prepare all these simple letters in a creditable, business-like manner. Excellence in any line can be attained only by painstaking, persistent effort.

SOME THINGS THAT CONTRIBUTE TO A GOOD BUSINESS LETTER

1. Good materials, — stationery, ink, etc.
2. Good mechanical form, — sufficient margins, correct paragraphing, etc.
3. Good English, — short, expressive sentences, correct spelling, capitalization, punctuation, etc.
4. Originality in style.
5. Completeness and fullness in statement.
6. Brevity, — concise, succinct expressions, arranged in such a manner as to give force and strength to the letter.
7. Good tone. In perplexing business letters, especially, the general tone, that something read "between the lines," is of the greatest importance. The qualities to be aimed at in tone are:
   - *a.* Sincerity.
   - *b.* Frankness.
   - *c.* Fairness.
   - *d.* Firmness.
8. Complimentary closings consistent with salutations.

The business letter is the mouthpiece of the firm back of it, and it should, as far as possible, create a feeling of good will and confidence on the part of all into whose hands it may come.

Receive of Earl & Sampson, Hopewell, a sight draft on Williams, Seamans & Co., City (Form 42), in favor of your firm, for $29.45, to apply on account.

Treat the draft as cash and place it in the *Business Cash* envelope.

Receive of Jas. B. Stillman, Rochester, a New York draft (Form 43) in full for the invoice of the 27th ult., less 2%. The letter inclosing the draft ordered the following goods:

5 pcs. (45, 47, 52, 51, 47¾) American Black Dress Silk
6 pcs. (49, 51, 56, 52, 62¼, 67) Amazon Cloth
10 doz. spools Corticelli Silk
2 pcs. (47¼, 49) Fancy Plaids

Fill the order. Terms: 2/10, 1/30, net 60 days. The box and goods weigh 225 pounds.

Remit C. O. Bond & Co., Philadelphia, by New York draft (Form 44) balance due on invoice of the 22d ult., less 2%. Buy the draft by check. Bank charges 50¢ for exchange.

Discount at Union Bank the note received from Green & Gregory on Nov. 20, and receive credit for the proceeds.

Consult your teacher if in doubt as to the correct entry.

Deposit the New York draft, the sight draft, and the check on hand. Collection, 50¢ on the check.

Make out a daily statement. Post. Have your books approved.

TUESDAY, DEC. 2

Write a letter to R. W. White & Co., New York, ordering:

10 pcs. Am. B. D. Silk
10 pcs. Bengaline Silk
12 pcs. Feather Ticking
12 pcs. Striped Denim
5 doz. Men's B. Half Hose
10 pcs. Marquise Lace
10 pcs. Black English Camel's Hair

Inclose your note at 30 days for $650, to apply on account.

The following orders, received this morning, are to be filled in the regular way. Terms: 2/10, 1/30, net 60 days.

1. From Knowlton & Beach, Rome, an order for:

10 pcs. (54, 52, 47¾, 48, 56, 62, 50, 52½, 57, 59) Bengaline Silk
4 pcs. (42¼, 45, 46, 49) Feather Ticking
4 doz. Boys' Heavy Cotton Hose
9 doz. Whalebones
3 pcs. (47¾, 49, 56) Striped Denim

The box and goods when packed weigh 320 pounds.

2. From Fred S. Goodwin, Savannah, an order for:

6 pcs. (47½, 49¼, 47, 52, 60¼, 64) Black English Camel's Hair
12 doz. Men's Kid Gloves
12 doz. Ladies' Kid Gloves
5 pcs. (47½, 49, 51, 43¾, 58) American Black Dress Silk

The goods when packed weigh 200 pounds.

Receive of H. A. McDowell & Co., City, their check (Form 45) in payment for the draft on them due to-day, $150.

Stationery manufactured especially for your firm by Myers, Teeter & Co., Savannah (Form 46), has just been received. Draw at sight on Fred S. Goodwin, Savannah, in favor of Myers, Teeter & Co., for the amount, $24.43, and remit the draft to the latter firm in settlement of their bill.

Enter in the journal. Charge Expense.

Draft in favor of C. O. Bond & Co., Philadelphia, due to-day, has been charged to your firm's account at the bank.

Remit R. W. White & Co., New York, a certified check in payment for the invoice of Nov. 19, less 3%.

Remit Jordan, Marsh & Co., Boston, a check for $587.83, in payment for the invoice of Oct. 30.

Receive of Gardiner & Sprong, Rush, a check (Form 47) for the invoice of the 25th ult., less 2%.

Deposit the two checks on hand and $50 in currency. Collection charged on Gardiner & Sprong's check, $\frac{1}{10}\%$.

Make out a daily statement. Post in the regular way, after which submit your books to your teacher for criticism.

Wednesday, Dec. 3

The Citizens Carting Co. has delivered to your firm the goods ordered of Houghton, Dutton & Co. (Form 48) on Nov. 27.

Traver, Stillman & Co., Penfield, write, ordering:

8 pcs. (47½, 48, 49, 50, 52½, 58, 59, 60) Gunner's Duck
10 pcs. Marquise Lace
15 pcs. Velvet Ribbon
7 pcs. Grosgrain Ribbon
5 pcs. (52, 57, 48¾, 51, 50) Wash Silk
7 pcs. (48½, 49, 51, 52¼, 57, 48, 49) Wamsutta Cotton
3 pcs. (48½, 49, 50) Percale Shirting

These men are entire strangers to you and instruct you to ship by freight, C.O.D., at once, as they are in need of the goods.

Fill the order as they suggest, less 2%. Be sure to make out all the necessary papers. Leave the draft attached to bill of lading at Union Bank for collection.

The box and goods when packed weigh 390 pounds.

Write a letter thanking them for the order and expressing your willingness to open an account with them on your regular terms: 2/10, 1/30, net 60 days. Inclose the bill in the letter, and hand it in as usual.

Fill the following order. Terms: 2/10, 1/30, net 60 days.

Order of Benj. Tracy & Co., City, for:

5 pcs. (47½, 52½, 62, 60, 61) Bengaline Silk
7 pcs. (47½, 41, 46, 42½, 47½, 45, 46) Black Wool Crépon
4 pcs. (47½, 51, 50, 52) Black Wool Lansdowne
3 pcs. (47½, 45, 41) Barjeon Cashmere
4 doz. Whalebones
5 doz. spools Thompson Thread

They inclose with the above order a check (Form 49) in settlement for the invoice of the 28th ult., less 2%.

Note in favor of D. N. Snow & Co., due to-day, has been charged at the bank. Face of note, $3000; interest accrued, $15.

Deposit the check on hand.

Make out a daily statement. Post. Submit your books to your teacher for approval.

THURSDAY, DEC. 4

Draw from the bank for office expenses by a cash check, $150.

You draw one-half month's salary in cash, $50.

Charge Salary account in the cash book.

Pay Chas. Denman $4.50 in cash for cleaning the basement.

Pay for sundry repairs about the store $5.50 in cash.

Pay for letter press and stand $10 in cash.

Charge Office Fixtures in the cash book.

D. A. Delano, Sodus, writes, asking you to ship him by express, C.O.D.:

15 doz. Ladies' Kid Gloves
15 doz. Men's Kid Gloves
5 doz. Ladies' Cashmere Hose

Fill the order as he suggests, less 2%.

Citizens Carting Co. has delivered the goods ordered of McDowell, Cook & Co. (Form 50) on the 27th ult.

Receive of Chas. H. Dean & Co., Northampton, a sight draft on N. P. Pond, City (Form 51), for $29.32.

Leave the draft at Union Bank for collection. No entry necessary at this time.

D. O. Mills draws $50 cash for private use.

Place the currency in the *Personal Cash* envelope. Make an entry in the cash book.

B. E. Valentine, Rose, writes asking you to ship him by express, C.O.D.:

3 pcs. ($47\frac{1}{2}$, 41, $45\frac{1}{4}$) Am. Black Dress Silk
3 pcs. ($45\frac{1}{2}$, $41\frac{1}{4}$, 40) Wash Silk
15 doz. Boys' Heavy Cotton Hose
5 doz. Ladies' Cashmere Hose

Fill the order as he suggests, less 2%.

Receive of W. F. Pratt, Utica, a check (Form 52) in payment for the invoice of the 1st, less 2%.

Receive of Knowlton & Beach, Rome, a check (Form 53) for $250, to apply on account.

Receive of J. V. Richardson & Co., Earlville, a check (Form 54) for $350, to apply on account. The letter inclosing the check ordered:

7 pcs. (47½, 48, 52, 51¾, 48, 53, 50½) Am. Black Dress Silk
3 pcs. (49½, 51, 48¾) Wamsutta Cotton
3 pcs. (47½, 49, 42) Black Wool Crépon
6 pcs. (42, 47, 50, 51, 60, 47½) Simpson Mourning Print
5 doz. spools Thompson Thread
3 doz. Whalebones
3 pcs. Marquise Lace
3 pcs. Velvet Ribbon
2 pcs. (47, 49) Striped Denim
2 pcs. (42½, 47) Bengaline Silk

Fill the order. Terms: 2/10, 1/30, net 60 days. The goods are put in two boxes, weighing when packed 200 and 225 pounds respectively.

Your bank informs you that the sight draft on N. P. Pond, City, left for collection, has been paid.

Credit Chas. H. Dean & Co.

Deposit the checks on hand. Collection, $1.25.

Make out a daily statement. Post the day's transactions. Hand in your books for examination.

Friday, Dec. 5

Receive of Berriman & Co., Syracuse, their note (Form 55) at 30 days, with interest at 6%, in full for invoice of the 24th ult., less 1%. Note is dated Dec. 1.

An inquiry has been received from Nester & Worden, retail dry goods merchants, Geneva, relative to a general line of dry goods. They refer you to several well-known houses, state that they are rated by Dun's and Bradstreet's agencies, and ask you to quote them your best terms.

An investigation of their financial standing by your firm proves conclusively the advisability of your securing these gentlemen as regular patrons, and you write them a courteous letter, thanking them for their inquiry and soliciting a share of their patronage. Call brief attention to your general facilities for doing business, and try to make them feel that it would be to their advantage to enter into business relations with you.

Hand in the letter for criticism before inclosing it in an envelope.

Note. — Dun's and Bradstreet's commercial agencies are two large corporations of the United States engaged in the business of collecting information with regard to the financial standing, ability, and credit of persons engaged in business enterprises, and reporting the same to subscribers or to customers applying and paying therefor.

These two agencies have become extensive factors in modern commercial transactions for furnishing information to retail jobbers, wholesale merchants, etc. The prudent business man before selling to a stranger on credit should first inform himself, through these commercial agencies, of the financial standing of the prospective customer.

SUGGESTIONS BEARING UPON LETTERS SOLICITING TRADE

A very fruitful source of new business is the letter soliciting trade; and since no object is of more importance to the business man than that of securing trade, all of these letters should be handled diplomatically. The following points are suggestive of some of the things that should receive consideration in the writing of the general letter soliciting trade.

1. Follow up such inquiries as the foregoing promptly and tactfully.
2. If you are not satisfied with the references given you, be careful how you say so.
3. Avoid all extravagant claims for goods, facilities for doing business, etc. Honesty is necessary in any legitimate business.
4. Do not hesitate to show your unwillingness to fill orders when references, etc., are unsatisfactory. Successful business men will expect you to do business in a methodical way.
5. Use good materials and put out an attractive letter. The letters sent out, in most cases, stamp pretty accurately the kind of a house that is back of them.
6. Show by your letter that you are a solid, wide-awake business man, and not a mere fakir.
7. Do not beg for trade. Coaxing and wheedling will only hinder you in your attempts to secure trade.
8. Be sincere, and make frank, tactful statements with regard to what you have for sale.
9. Be courteous; courtesy is everything in letters of this kind.
10. Be brief. In letters similar to the foregoing, especially, do not say too much. Business men are not apt to appreciate, or even read, long circular letters, etc.

Goods ordered of Jordan, Marsh & Co. on the 28th ult. (Form 56) have just been delivered by the Citizens Carting Co.

You ship Sumner Bros., Union Springs, as per their instructions in a letter received this morning, the following goods by freight, C.O.D.:

12 pcs. Black Chantilly Lace
4 pcs. (42¼, 42, 45¾, 47) Bengaline Silk
7 pcs. (42¼, 47½, 51, 50, 52¾, 53, 54) Cotton Surah Lining
3 pcs. (47½, 41¼, 49) Fancy Plaids
3 gro. Gilt Buttons
10 pcs. (47½, 49, 41, 47, 45, 52, 61¼, 59¾, 57½, 51¼) Feather Ticking
2 gro. Bone Buttons
2 doz. spools Corticelli Silk
3 pcs. (47½, 48, 45) Fine English Serge

You allow them a 2% discount on the bill.

Handle this order in the usual way. Write a letter, quoting terms, etc., and inclosing the bill. Leave the draft attached to bill of lading with Union Bank for collection. The goods are put in two boxes, weighing when packed 200 and 250 pounds respectively.

Henderson & Everett, Auburn, to whom you quoted prices and terms Nov. 17, have just placed the following order with you:

3 pcs. (52¼, 53¾, 50) American Black Dress Silk
2 pcs. (47, 43) Amazon Cloth
2 pcs. (47½, 42) Black English Camel's Hair
2 pcs. (47½, 45) Fancy Wool Cheviot
5 doz. Men's Kid Gloves
10 doz. pcs. Linen Torchon Lace
10 doz. spools Thompson Thread
3 pcs. (52¼, 57, 52) Venetian Crape Cloth

They inclose a New York draft (Form 57) in payment for the above bill, less 2%.

Check the account in the cash book and sales book.

You find that the box and goods weigh 190 pounds.

The following orders, received in this morning's mail, are to be filled in the regular way. Terms: 2/10, 1/30, net 60 days.

1. Order of Chas. H. Dean & Co., Northampton, for:

10 pcs. Fancy Black Ribbon
3 pcs. (47½, 41, 49) Fancy Gingham
5 pcs. Marquise Lace
7 pcs. (47½, 41, 49, 52, 51¾, 57, 56) Scotch Cheviot
3 pcs. (47½, 41, 49) Simpson Mourning Print
7 gro. Jet Buttons
3 pcs. Grosgrain Ribbon
5 doz. spools Thompson Thread
5 doz. spools Corticelli Silk
3 pcs. (47¾, 49, 52) Striped Denim
3 doz. Whalebones

The box and goods weigh 250 pounds.

2. Order of Eaton & Co., Williamson, for:

7 pcs. (47½, 41, 40, 43, 45, 47½, 48) Fancy Boucle Stripe
3 doz. spools Corticelli Silk
4 gro. Bone Buttons
10 pcs. (52¼, 47½, 52, 51, 53½, 50, 54, 56, 59, 60½) Fancy Gingham
10 pcs. (52¼, 47¼, 52, 51, 53½, 50, 49, 56, 58, 59) Cotton Surah Lining
7 doz. Ladies' Cashmere Hose
7 doz. Boys' Heavy Cotton Hose

These goods are shipped in two boxes, weighing when packed 220 and 210 pounds respectively.

Eaton & Co. inclose a sight draft on F. M. Everett (Form 58), City, for $24.17, to apply on account.

Enter the draft in the cash book. Place the draft in the *Business Cash* envelope, as you consider it as good as cash.

Receive of F. O. Saunders, Sodus, check (Form 59) in payment for the invoice of the 29th ult., less 2%.

Remit Houghton, Dutton & Co., by check, in full for the invoice of the 1st, less 2%.

Your firm wishes to engage the services of a competent and experienced stenographer, and Mr. Morley has asked you to prepare an advertisement to be inserted in the *Daily Morning Transcript.*

Write the advertisement, stating the qualifications, etc., desirable in a candidate for the position.

Pay for the advertisement in cash, 50¢.

Receive of Harlan & Wilson, Albany, a New York draft (Form 60) in payment for the invoice of the 1st, less 2%. In their letter they order:

25 doz. Men's Kid Gloves 25 doz. Ladies' Kid Gloves

Fill the order. Terms: 2/10, 1/30, net 60 days.

Remit Ogden Mills check for invoice of Nov. 29, less 2%.

Pay a sight draft of F. R. Stearns & Co., Boston (Form 61), on your firm, in favor of themselves, for $500, by check.

Write the check in favor of your bankers, who present the draft for collection.

Deposit the two New York drafts, the check, and the sight draft on hand. Collection on check, $\frac{1}{10}$%.

Make out a daily statement. Post the day's business and submit your books to your teacher for examination and approval.

Saturday, Dec. 6

The balance due on the account of Baker, Shaw & Co., Clifton Springs, is over sixty days past due. At maturity of their bills a statement of account was sent them. No attention was paid to this, and on Nov. 1 A. J. Morley wrote them a mild dunning letter, calling attention to their overdue balance and urging a prompt settlement. Nov. 8 a letter was received from them, stating their inability to pay then, but making a definite promise to settle in full by Nov. 25. No word has been received from them since. At Mr. Morley's suggestion you write a letter, asking

for an immediate settlement of the account. The points that have some weight with you as you write are:

1. The firm has the ability to pay its debts, you think.
2. You want to continue to do business with them.
3. You must have a settlement at once.

SUGGESTIONS BEARING UPON DUNNING LETTERS

1. Promptness and accuracy in the matter of sending statements and other reminders of overdue accounts are of the greatest importance in securing prompt settlements.

2. When no attention is paid to statements of account, dunning letters generally follow. How soon such letters should follow depends upon the circumstances of the case.

3. The tone of a dunning letter should be governed by existing conditions. No dunning letter should

   a. Lack in courtesy.
   b. Contain accusations of any sort.
   c. Show that the temper of the writer is overwrought.
   d. Be impolite or contain any ungentlemanly expressions. The writer of these letters who shows his self-control and genuine fairness is the man who is likely to win his case.
   e. Contain threats or any statements that the writer does not mean to carry out.
   f. Intimate court proceedings unless that seems to be the last resort.

4. Dunning letters should

   a. Aim to make the tone of the appeal consistent with the facts of the case. For instance, the first of a series of dunning letters should be entirely different in tone from the third.
   b. Be brief and to the point.
   c. As far as possible show that the writer has confidence in his debtor and expects a prompt payment.
   d. Make proper reference to the amount of the account.
   e. Be firm in tone and indicate that the writer means all that he says.
   f. Be fair and, as far as consistent with good business management, lenient.
   g. Be written in the implied rather than the imperative method of statement.

Goods ordered of R. W. White & Co., New York (Form 62), on the 2d have just been delivered by the Citizens Carting Co.

Ellis & Farmer, Lynn, write inclosing a New York draft (Form 63) in settlement for the following goods, which they wish sent at once.

7 pcs. (57, 52, 51, 52, 50, 52¾, 52) Fancy Gingham
7 pcs. (47, 49, 50, 42, 44, 53, 48) Fine English Serge
8 pcs. (47, 48, 47, 42, 46, 42¼, 43¾, 42) Fancy Plaids
5 doz. spools Corticelli Silk

Fill the order. Terms: cash, less 2%. The box and goods weigh 420 pounds.

Discount at Union Bank the note received of Berriman & Co. on the 5th, and receive credit for the proceeds.

Remember that the note bears interest.

Your bank informs you that the sight draft attached to bill of lading on the 3d has been collected; collection, $\frac{1}{10}$% of draft. Also that the note of S. C. Williams, left for collection Nov. 18, has been paid, and that the amount, less $1 for collection, has been placed to your credit.

Pay by check bill of Citizens Carting Co. (Form 64), $122.86.

D. E. Mosher, Tonawanda, writes, ordering:

3 doz. Boys' Heavy Cotton Hose
2 pcs. (47, 50) Cotton Surah Lining
5 pcs. Marquise Lace
3 pcs. (47½, 45, 41) Venetian Crape Cloth
5 pcs. Velvet Ribbon
3 pcs. (42, 47, 45) Wamsutta Cotton
3 doz. Whalebones
2 doz. Ladies' Kid Gloves

Fill the order. Terms: 2/10, 1/30, net 60 days. You find that the box and goods weigh 140 pounds.

In the above letter was a check (Form 65) for $150, to apply on account.

Goods ordered of Macy, Cooper & Co., New York (Form 66), on Nov. 16, to be delivered not later than Dec. 10, have just been received.

Remit Jordan, Marsh & Co., Boston, a check in payment for the invoice of the 4th, less 3%.

Receive the following remittances on account:

1. Of Gardiner & Sprong, a New York draft (Form 67) in full of account, less 1%.

2. Of Fred S. Goodwin, Savannah, a New York draft (Form 68) in payment for the invoice of the 2d, less 2%.

3. Of Benj. Tracy & Co., City, a check (Form 69) in payment for the invoice of the 3d, less 2%.

Draw from the bank for office expenses $50, by a cash check.

Pay salaries for week in cash, $135.

Deposit the two checks, the three New York drafts, and all the currency on hand. No collection charged.

Make out a daily statement. Post the day's transactions in the regular way.

Closing the Work for December

1. Make a journal entry to adjust the interest on the proprietors' accounts. (See explanation, page 197.) Take into consideration the following:

a. Interest was last adjusted Nov. 15.

b. Morley's share of the capital stock is $20,000; Mills's share, $18,750; these sums draw interest from Nov. 15 to date. (Count the exact number of days.)

c. The credit of Morley's private account draws interest from Nov. 15 to date, as does also the credit of Mills's private account.

d. The withdrawals on each personal account are charged interest from the date of such withdrawals to Dec. 6.

e. According to the articles of agreement, the gains and losses are to be divided equally.

Have the entry for the above adjustment of interest approved by your teacher before you copy it into your books.

2. Post the above entry. Rule and foot the journal and make the proper entry for the total. Post the entry to the general ledger.

3. Balance the cash book and post the items in the summary of the same.

4. Rule and foot the sales book and make the proper entry for the total. Post the entry to the general ledger.

5. Rule and foot the invoice book and make the proper entry for the total. Post the entry to the general ledger.

6. Prove the bill book.

7. Make an abstract of the sales ledger and have it approved.

8. Make an abstract of the purchase ledger and have it approved.

9. Make a trial balance from the general ledger and have it approved.

To the Student. — If the trial balance and abstracts do not prove, look for the errors systematically. Never verify portions of the work at random and expect to locate the discrepancies. Be sure that errors actually exist before you begin to look for them. Revise the additions of the trial balance and abstracts before looking for the error in the ledger or other books. Find the exact amount of the discrepancy and see if the sum is not some footing which has been improperly forwarded or posted. Errors of one figure are usually mistakes in addition. Verify the additions of the ledgers and the various books from which totals are posted. If dollars have been written as cents or *vice versâ*, dividing the difference by 9, 99, or 999, respectively, will locate a figure which has been misplaced one, two, or three orders to the right or left.

10. Copy the inventories in the journal in the usual way. The following is a statement of everything inventoried at this time:

INVENTORIES, DEC. 6, 19—

Merchandise:		
Per schedule on file		$22569.44
Office Fixtures:		
Cost	$1885.	
Depreciation	188.50	
		$1696.50
Expense (Resource):		
Stationery, etc.	$18.	
Coal	9.50	
		$27.50
Expense (Liability):		
Due for telephone service		$12.50
Real Estate (Resource):		
Cost	$10620.	
Increase in value	380.	
		$11000.
Real Estate (Liability):		
Unpaid taxes on property		$125.
Insurance:		
Unearned premium		$126.50

11. Make a statement of losses and gains and have it approved.

12. Make a statement of resources and liabilities and have it approved.

13. Close the general ledger accounts. Carry each partner's share of the net gain or net loss to the proprietors' private accounts. The proprietors' private accounts should always be closed by *Balance*. The firm account contains but one item in this instance, and so need not be closed.

14. Draw a check in favor of your teacher for the amount to the credit of your firm at Union Bank. Have your pass book written up.

15. Hand in all your books to your teacher for criticism.

HOW TEMPORARY OVERDRAFTS ARE TREATED

1. The amount of the overdraft should be indicated in red ink in the check book.

2. If there is no cash in safe, the amount of the overdraft should equal the excess of cash credits over cash debits in the cash book.

3. If there is cash in safe, the difference between the overdraft and the amount in safe should equal the balance shown in the cash book.

GENERAL REVIEW QUESTIONS

1. What new features were introduced in the cash book for this set? 2. Explain the advantage of the special columns used in the journal. 3. Under what circumstances would it be advisable to open special columns for different departments of merchandise in the sales book? If these special columns were opened in the sales book, what necessary changes would be made in the invoice book? 4. What is a power of attorney? When must it be drawn up under seal? 5. Briefly outline what should be done by an accountant on assuming charge of a set of books. 6. Give an example of a personal account, showing a loss; a gain. 7. Under what circumstances should a suspense account be opened? 8. To which of the two general classes of accounts does the suspense account belong? May it belong to either class? Fully explain. 9. What is meant by protest as applied to negotiable paper? When is it necessary? 10. State briefly the process of making a protest. 11. What is the general value of a protest? 12. What is a notice of protest? What items of information must it always give? Who serves such a notice? 13. Briefly outline some of the things that contribute to a good business letter. 14. State some of the essentials of a good letter soliciting trade. 15. State some of the things that should never be incorporated in a dunning letter. 16. State some of the things that help to make a strong dunning letter. 17. Explain how the personal accounts with partners are usually closed. 18. To which of the two general classes of accounts do each of the following belong? (*a*) The proprietors' private accounts; (*b*) the investment account or accounts of a business; (*c*) C.O.D. accounts. 19. Give an example of a cash account showing a liability.[1] 20. Give an example of a cash account showing a loss. 21. Name the two principal mercantile agencies of the United States. What is their principal business?

[1] In case of an overdraft in a bank balance, the cash account would show a liability. Overdrafts are not of very frequent occurrence in actual business, and when they do occur they are but temporary balances which are generally made good as soon as they are discovered.

SET VIII — SINGLE ENTRY

THE SINGLE ENTRY METHOD

Characteristics. — The brevity of single entry bookkeeping commends it to many business men. This brevity of record does not and cannot afford such complete and classified information as double entry, but general results are accurately set forth.

Object. — This set is designed to illustrate in a simple and practical way the uses of that method of accounting known as **single entry**. As the student is already familiar with **double entry**, a comparison of the two methods will help him to understand single entry accounting.

Single and Double Entry compared. — Single and double entry may be compared as follows:

The books used are nearly the same for either method. The **sales book**, the **purchase book**, the **journal**, the **cash book**, the **bill book**, and the **ledger** are the same in form.

The general principles employed are identical.

The **statement** of resources and liabilities is the same.

The general results of a business are shown by either method.

Single and Double Entry contrasted. — Single and double entry may be contrasted as follows:

In double entry the journal has both a debit and a credit record for each transaction; in single entry the journal has only a debit or a credit record for each transaction. (See model journal, page 246.)

In double entry *all* items in the cash book are posted; in single entry only the items recorded in the *first* column in the cash book are posted. (See model cash book, pages 246 and 247.)

In a single entry ledger only personal accounts are kept, and this is the marked difference between the single entry ledger and the double entry ledger.

An itemized statement of losses and gains cannot be made from a single entry ledger, as loss and gain accounts are not recorded.

In double entry the separate sources of loss and gain are clearly set forth, while single entry shows only total results and furnishes no detailed information regarding the channels through which these results were obtained.

A double entry ledger is in balance; a trial balance cannot be taken from a single entry ledger.

The *form* of entry rather than the information given distinguishes single entry from double entry.

Single entry may be used to adavntage in any small business, or where the business deals in few articles of purchase and sale, or where a classification of accounts relating to losses and gains is not wanted.

If books are strictly single entry, only accounts with persons are kept in the ledger; if any other accounts appear in the ledger, the method is not strictly single entry.

As the student is familiar with the various books of record, few explanations will be given in this set. No business forms are used.

Books used. — The books used are the cash book, journal, sales book, purchase book, and bill book.

Cash Receipts

Jan. 1	✓	D. H. Boone	Investment			2500	
3	✓	Mdse.	Cash sale			64	
4	2	A. D. Brown	On account	132	64		
10	✓	Bills Rec.	S. Coe's note			275	
10	✓	Interest	On above			6	40
20	4	C. C. Willis	On account	38	50		
20	✓	Discount	On our note			2	35
31	✓	Personal accts.	Total	171	14	171	14
						3018	89

Model Journal

Jan. 1, 19__

	I, D. H. Boone, have this day commenced business with the following resources:				
1	D. H. Boone	*Cr.*			4800
✓	Cash	On hand	2500		
✓	Real Estate	Store and lot	2000		
✓	Bills Rec.	Per bill book	300		
	5				
2	A. S. Barnes	*Cr.*			250
	Received his note at 30 days, to apply on account				
	7				
3	Benjamin Harmon	*Dr.*			300
	Gave my note at 60 days, with interest, in full of account				

Cash Book. — In the explanatory part of the text, at the beginning of this set, it was noted that the cash book is nearly the same in single entry as in double entry. The accompanying outline is easily understood. All items that are to be posted are placed in the first money column. *In single entry only personal items are posted.*

Journal. — The accompanying form is the outline for a single entry journal. As the student is now familiar with the principles of debit and credit this form will be readily understood. Just at the left of the first money column it is necessary to write either *Dr.* or *Cr.* as a means of determining how the item is to be posted. As

Cash Payments

Jan. 2	✓	Expense	Rent of store			100	
5	✓	Bills Pay.	Note, favor N. Cass			360	
6	7	Amos Lees	On account	287	50		
9	✓	Expense	Office stationery			12	50
20	✓	Bills Pay.	Note, favor J. Reed			260	
24	5	D. J. Bailey	In full of account	175			
31	✓	Personal accts.	Total	462	50	462	50
31		*Balance*	*On hand*			*1823*	*89*
						3018	89

only personal items are posted in single entry, only names of persons appear in the journal.

NOTE. — It is better for students to have an understanding of debit and credit before taking up single entry. Such knowledge is best acquired by first studying double entry.

MEMORANDA OF TRANSACTIONS

Directions and Suggestions. — Observe the following directions and suggestions:

1. In this set David Easton is the proprietor.
2. No business forms will be used.
3. No days of grace are allowed on any notes.
4. The business is to deal in general merchandise.
5. The month of January will be used for this set.
6. The student will act as bookkeeper and manager for David Easton.
7. Enter all transactions according to directions.

1. The following are the resources at the beginning of the business:

Cash on hand	$2000
Store and Lot, valued at	4000
Geo. Wilson's note, dated Dec. 10, at 60 days	500

Enter the above in the journal. (See model journal, page 246.)

Enter the cash in the cash book, second column. Record the note in the bill book.

2. Buy of W. R. Story for cash, 40 bbls. pork at $14.

Enter in the cash book, second column.

2. Pay cash for sundry repairs, $50.

3. Buy of James Selden on account, 50 bbls. beef at $17 ; 60 bbls. salt at $1.50.

Enter in the purchase book.

4. Sell Edward White for cash, 20 bbls. pork at $16.

Enter in the cash book, second column.

5. Sell John Harrison on account, 20 bbls. beef at $18.50 ; 10 bbls. salt at $1.60.

Enter in the sales book.

5. Buy office stationery for cash, $12.25.

6. Pay James Selden cash for one-half of the invoice of the 3d.

Enter in the cash book, first column.

7. Sell Jesse Blaine on account, 10 bbls. pork at $16.50; 10 bbls. beef at $19; 10 bbls. salt at $1.62.

8. Buy of William Edison on account, 25 bbls. pork at $13.50; 30 bbls. beef at $16.50.

9. Discount Geo. Wilson's note and receive cash for the proceeds.

The term of discount is the time the note has yet to run. Enter the face of the note on one side of the cash book and the discount on the other side, each item in the second column.

10. Sell E. C. Bartlett on account, 6 bbls. pork at $15 ; 10 bbls. beef at $18.25.

11. Sell Howard Stetson on account, 12 bbls. beef at $18.75 ; 15 bbls. salt at $1.65.

12. Give James Selden a note at 10 days, with interest, for the balance of the invoice of the 3d.

12. Buy a safe for office use for cash, $85.

13. Sell Henry White, one-half cash, balance on account, 12 bbls. pork at $16.25 ; 20 bbls. salt at $1.70.

Enter the whole amount in the sales book, and then enter the cash received in the cash book, first column.

14. Buy of Samuel Jones, one-half cash, balance on account, 50 bbls. beef at $16.50 ; 100 bbls. salt at $1.48.

Enter the whole amount in the purchase book, and then enter the cash paid in the cash book, first column.

15. Buy of H. C. Benton on account, 60 bbls. pork at $14.75.

15. Receive John Harrison's note at 10 days, with interest, for $300, to apply on the invoice of the 5th.

Enter in the journal. (See model journal, page 246.) Record in the bill book.

16. Receive of Jesse Blaine $250 in cash, to apply on the invoice of the 7th.

17. Sell P. H. Williams on account, 25 bbls. pork at $16.75.

17. Give William Edison a note at 15 days, with interest, for $500, and cash for the balance of the invoice of the 8th.

Enter the note in the journal and record in the bill book. Enter the cash in the cash book, first column.

18. Sell W. B. Emerson on account, 25 bbls. beef at $18.75 ; 20 bbls. salt at $1.70.

18. Buy of Williamson & Son on account, 40 bbls. flour at $5.25.

19. Receive of Jesse Blaine cash for balance of the invoice of the 7th.

19. Receive E. C. Bartlett's note at 15 days for $200, and cash for the balance of the invoice of the 10th.

20. Sell D. V. Negley on account, 15 bbls. flour at $6.50.

20. Receive cash of Howard Stetson for the invoice of the 11th.

21. Sell Thomas Fleming on account, 12 bbls. pork at $16.90 ; 15 bbls. beef at $19.

21. Sell Warren Phelps, one-half cash, balance on account, 20 bbls. pork at $16.80 ; 18 bbls. beef at $18.80 ; 30 bbls. salt at $1.65.

22. Pay a note due to-day, with interest, in favor of James Selden.

Enter both the note and the interest in the cash book, second column, and mark the note paid in the bill book.

23. Sell Jesse Blaine on account, 12 bbls. beef at $18.75 ; 15 bbls. flour at $6.50.

23. Give the proprietor a check for private use, $150.

Enter in the cash book, first column.

24. Buy of William Edison on account, 35 bbls. pork at $14.25.

24. Give H. C. Benton cash to apply on account, $625.

24. Receive cash of P. H. Williams, on account, $325.

25. Buy of James Selden on account, 40 bbls. beef at $16.75.

25. Receive cash of D. V. Negley for the invoice sold him on the 20th.

25. Pay Williamson & Son cash for the invoice of the 18th.

25. John Harrison pays his note and interest, due to-day.

26. Receive Warren Phelps's note at 10 days, with interest, for the balance of the invoice of the 21st.

26. Sell John Harrison on account, 12 bbls. pork at $16.

26. Sell E. C. Bartlett on account, 20 bbls. beef at $18.

27. Buy of Williamson & Son on account, 25 bbls. flour at $5.40.

27. Sell Howard Stetson on account, 10 bbls. flour, at $6.50; 10 bbls. salt at $1.68.

27. Receive cash of W. B. Emerson, on the invoice of the 18th, $400.

28. Thomas Fleming pays cash, to apply on account, $250.

28. Sell D. V. Negley on account, 10 bbls. pork at $16.20.

29. Sell Warren Phelps on account, 12 bbls. beef at $18.25.

30. Pay advertising bill for the month in cash, $19.65.

31. Pay clerk's salary for the month in cash, $32.50.

INVENTORIES, JAN. 31, 19__

Merchandise:	
33 bbls. Pork	$14.
16 bbls. Beef	16.75
45 bbls. Salt	1.50
25 bbls. Flour	5.20
Expense:	
Office Safe at cost	$85.
Real Estate:	
Store and Lot	$4000.

CLOSING THE WORK FOR SINGLE ENTRY

After recording all transactions, have the same corrected by your teacher. Close the cash book. (See model, pages 246 and 247.)

Posting. — In posting observe the following:

1. Place three accounts on each page of the ledger.
2. The proprietor's account should be placed first.
3. Open an account with each party whose name appears in the sales book or purchase book.
4. Debit each party whose name appears in the sales book.
5. Credit each party whose name appears in the purchase book.

6. Post from the journal. The debit or credit of each item in the journal is indicated.
7. Post from the cash book. Each item in the first column on the left side of the cash book should be posted as a credit; each item in the first column of the cash book on the right side should be posted as a debit.
8. The above completes the posting.

NOTE. — Posting directly from the sales book, cash book, and purchase book is a modification of the older methods in single entry, but the plan here suggested saves much time both in recording and posting transactions.

The Statement. — Make a statement as follows:

1. The total of the balances of all the accounts in the ledger in which the debit is the larger represents *accounts receivable.*
2. The total of the balances of all the accounts, the proprietor's account excepted, in which the credit is the larger represents *accounts payable.*
3. The *unpaid* notes in the bill book are to be used in making the statement.

Resources:

Accounts Receivable, per ledger.
Real Estate, per inventory.
Expense, per inventory.
Merchandise, per inventory.
Bills Receivable, per bill book.
Cash, per cash book.

Liabilities:

Accounts Payable, per ledger.
Bills Payable, per bill book.

The present worth equals the difference between the resources and the liabilities.

The present worth minus the net credit equals the net gain.

Enter the net gain in the journal as follows:

David Easton *Cr.* .....
Net gain, per statement.

Post the net gain to the proprietor's account and show the present worth as in double entry.

Changing to Double Entry. — Change to double entry as follows:

1. *Debit* each of the following accounts in the ledger with the amount appearing on the statement:

Real Estate	Expense
Merchandise	Bills Receivable

2. *Credit* Bills Payable with the amount appearing on the statement.
3. Make a trial balance from your ledger (use the cash balance from the cash book), and the books are changed to double entry.

NOTE. — Some accountants prefer to journalize the items which enter into the change of single entry to double entry. Various entries may be made to bring about the desired effect, but a record similar to the following is generally preferred, since by it *all* the resources and liabilities of the business are shown in form convenient for transferring to the ledger.

January 31, 19—

√	Accounts Receivable	Per ledger	2310	
5	Real Estate	Per inventory	4000	
3	Expense	Per inventory	50	
2	Mdse.	Per inventory	920	
3	Bills Receivable	Per bill book	428	
C.B.	Cash	Per cash book	1650	
3	To Bills Payable	Per bill book		365
√	Accounts Payable	Per ledger		2560
√	C. D. Lewis, Prop.	Per ledger		6433

The items that are already in the ledger are marked √ so that they will not be posted. After the above entry has been posted the accounts of the business are in double entry form.

A **Double Entry** set of books may be changed to single entry by opening a new ledger, transferring thereto only personal accounts.

The Use of Other Sets for Single Entry. — If the teacher thinks it desirable to have additional work in single entry, it is suggested that any set in the Introductory or the Intermediate portion of the text-book may be written in single entry.

APPENDIX

FORMS OF LEGAL DOCUMENTS

Form I — Letter of Remittance

W. O. WEAVER C. W. FREY W. D. RADCLIFFE

Office of

W. O. Weaver & Co.

Wholesale Grocers

Boston, Mass., Sept. 10, 19__

Smith, Perkins & Co.,
Rochester, N.Y.

Gentlemen: —

Please find herewith a New York draft for Eleven Hundred Sixty-three and $\frac{28}{100}$ Dollars ($1163.28) in payment for invoice of Aug. 31, less discount, as follows:

Amount of invoice	*$1224.50*
Less 5%	*61.23*
Balance as per inclosure	*$1163.27*

Kindly acknowledge receipt of the draft, and oblige

Yours very truly,

W. O. Weaver & Co.
per R.

Form II — Notice of Dissolution of Partnership

You are hereby notified that the copartnership heretofore existing between John B. Evans and Herbert F. Osgood, under the copartnership name, style, and firm of **John B. Evans & Co.**, *at Springfield, Mass., is this day dissolved.*

All accounts due the partnership are to be paid to Herbert F. Osgood at the office of the old firm, and all claims against the partnership should, at maturity, be presented to him for payment.

Dated Springfield, Mass., Aug. 31, 1906.

[*Signed*] { *John B. Evans.*
{ *Herbert F. Osgood.*

Form III — Circular announcing the Retirement of a Partner

W. D. MARTIN A. S. WARD

Office of

Martin & Ward

Boston, Mass., Aug. 25, 19__

Saxton, Gilbert & Co.,
Rochester, N.Y.

Gentlemen: —

Permit us to inform you that on the 31st inst. the copartnership hitherto existing between W. D. Martin and A. S. Ward will be dissolved by mutual consent. After that date the business of the house will be conducted by Mr. Ward on his own account under the firm name of A. S. Ward.

In soliciting a continuance of your valued patronage we beg to assure you that there will be no reduction in the capital of the firm, and that all affairs of the house will be transacted with the same efficiency that you have experienced at the hands of the present management.

Yours very truly,

Martin & Ward
per M.

Form IV — Contract of Sale and Purchase

Know all Men by these Presents

that I, C. W. Worthington, of the City of Boston and Commonwealth of Massachusetts, party of the first part, in consideration of Fifteen Thousand Two Hundred Dollars paid by D. O. Williams & Co., of the City and Commonwealth aforesaid, parties of the second part, the receipt whereof is hereby acknowledged, do hereby grant, sell, transfer, and deliver unto the said parties of the second part, the good will, chattels, merchandise, bills receivable, accounts receivable, and all other assets of the firm of C. W. Worthington which are definitely specified on the schedule hereunto annexed. In part consideration hereof the said D. O. Williams & Co. hereby agree to assume and do assume the liabilities of the said firm of C. W. Worthington as per the schedule hereunto annexed.

To have and to hold, *all and singular the said goods and chattels to the said D. O. Williams & Co. and their executors, administrators, and assigns, to their own use and behoof forever.*

And I hereby **covenant** *with the grantee that I am the lawful owner of the said goods and chattels; that they are free from all incumbrances; that I have good right to sell the same as aforesaid; and that I will* **warrant and defend** *the same against the lawful claims and demands of all persons whomsoever.*

In witness whereof, *we the said C. W. Worthington and D. O. Williams & Co. have hereunto set our hands and seals this twenty-first day of August in the year one thousand nine hundred and six.*

Signed, sealed, and delivered in the presence of

J. M. McCann
W. D. Sprague

C. W. Worthington [SEAL]
D. O. Williams & Co. [SEAL]

Form V — Articles of Copartnership

Articles of Copartnership *made and entered into this first day of August, one thousand nine hundred and six, between Malcolm D. Gilbert of the City of Boston and Commonwealth of Massachusetts, party of the first part, and Chas. M. Wentworth of the City and Commonwealth aforesaid, party of the second part,* **witnesseth** *as follows:*

Whereas *the said parties, having mutual confidence in each other, do hereby enter into a copartnership agreement on the terms and conditions following, to wit:*

First. *The copartnership formed shall be for the purpose of carrying on a Jobbing Furniture Business under the firm name of M. D. Gilbert & Co., in the said City of Boston, the partnership to commence on the date of this agreement, and to continue for two years unless sooner dissolved by mutual consent of the partners.*

Second. *The said Malcolm D. Gilbert, party of the first part, shall contribute the entire resources of his late business located at #407 East Main Street, Boston, Mass., and the said new firm of M. D. Gilbert & Co. shall assume the existing liabilities of the said business. These resources and liabilities are definitely described on a statement of resources and liabilities hereunto attached, and they show an aggregate net investment of $15,260.50.*

Third. *The said Chas. M. Wentworth, party of the second part, shall contribute resources as follows: cash, $7000; stock of furniture, $1500; account with Foley Bros., $5725.*

Fourth. *The said investments shall be the capital stock of the said firm, to be used and enjoyed in common between them for the support and management of said business to their mutual benefit and advantage.*

Fifth. *Neither party shall engage in any other business, but each shall devote his entire time and attention to, and put forth his best efforts and skill for, the furtherance of the business aforesaid; and all gains that shall arise by means of their said business shall be divided between them equally, and all losses that shall happen to the joint business, by bad debts or otherwise, shall be borne and paid by them equally.*

Sixth. *Neither party shall at any time withdraw from the business a sum in excess of his share of the net profits of the firm.*

Seventh. *Neither partner, during the continuance of this copartnership, shall assume any liability by indorsing notes, etc., or by becoming surety for any person or persons whomsoever, without the consent of the other said copartner.*

Eighth. *It is further agreed that there shall be had and kept at all times during the continuance of the partnership, true books of account, wherein all matters and things whatsoever, proper to be entered into merchants' books, shall be properly recorded; and these books shall be used in common, so that either of the partners may at all times have access thereto.*

In Witness Whereof, *the parties have hereunto set their hands and seals in duplicate, the day and year first above written.*

Signed, sealed, and delivered in the presence of

Chas. H. Jones,
Boston, Mass.

Malcolm D. Gilbert [SEAL]
Chas. M. Wentworth [SEAL]

Form VI—Power of Attorney

Know all Men by these Presents

that we, B. W. Morgan and Robert Hall, constituting the firm of B. W. Morgan & Co., of the City of Boston, Mass., have made, constituted, and appointed, and by these Presents do make, constitute, and appoint, Charles M. Raymond, of the City of Newton, Mass., our true and lawful Attorney, for us and in our name, place, and stead to transact business and to sign and indorse any or all of the notes, checks, drafts, letters, and all other instruments in writing received in the course of or issuing from our business, giving and hereby granting unto our said Attorney full power and authority to sign and indorse such instruments, and to perform all and every act whatsoever about the premises as freely, fully, and effectually as we could do if personally present, with full power of substitution and revocation, hereby ratifying and confirming all that our said Attorney or his substitute shall lawfully do or cause to be done by virtue hereof.

In Witness Whereof, *we have hereunto set our hands and seals this fifteenth day of July in the year nineteen hundred and six.*

Charles M. Raymond
Attorney's Signature

B. W. Morgan [SEAL]

Robert Hall [SEAL]

Commonwealth of Massachusetts
County of Suffolk } ss. *Boston, Mass., July 15, 1906*

Then personally appeared the above-named B. W. Morgan and Robert Hall and acknowledged the foregoing instrument to be their free act and deed.

Before me,

E. C. Mills,
Notary Public

Form VII — Certificate of Protest

Commonwealth of Massachusetts

County of Suffolk }
City of Boston } ss. _____

On the tenth day of December, in the year of our Lord one thousand nine hundred and six, **I,** *W. A. Kinman,* **Notary Public,** *duly admitted and sworn, and practicing in said Commonwealth, at the request of Leigh K. Pierson,* **Esq., Cashier** *of the Commercial National Bank, went with the original note, which is hereto annexed, the time therein limited and grace having fully elapsed, and demanded payment thereof at the Excelsior National Bank, and was answered by the Paying Teller, "No funds."*

The note remaining unpaid, I duly and officially notified the indorsers thereof at the following addresses:

Roth & Day, 920 Washington St., City,
B. W. Hall & Co., Newton, Mass.,

(postage prepaid) of said default requiring payment.

Wherefore, *I, the said* **Notary,** *by request as aforesaid, have protested and by these presents do solemnly protest, against the drawer of said note, the indorser, and all others concerned therein, for exchange, re-exchange, and all costs, charges, damages, and interest, suffered and sustained, or to be suffered and sustained, by reason or in consequence of the non-payment thereof.*

SEAL

In Testimony Whereof, *I have hereunto set my hand and affixed my Notarial Seal, the day and year first above written.*

FEES

Noting Non-Acceptance . . .	
Postage	
Protesting for Non-Payment .	$1.50
Postage	.04
	$1.54

W. A. Kinman,
Notary Public

Form VIII — Notice of Protest

Commercial National Bank

Boston, Mass., Dec. 10, 19__

Messrs. Roth & Fay
920 Washington St., City.

Dear Sirs:—

You are hereby notified that a note for Nine Hundred Sixty $\frac{50}{100}$ Dollars drawn by Cobb, Bates & Co., and indorsed by you, dated Sept. 10, 19__, payable three months after date, has been protested by me for non-payment after due demand at the Excelsior National Bank this day, and that you are held answerable for the amount, with all legal costs, interests, and damages in consequence of the non-payment thereof.

Respectfully yours,

W. A. Hinman,

Notary Public

COMMERCIAL TERMS DEFINED

Acceptance. — The name of an accepted draft; an agreement, by signature, to the terms named in the draft.

Account Current. — An open or running account; a detailed statement of transactions between two persons or firms.

Account Sales. — An itemized statement of sales and expenses rendered by a commission merchant to his principal.

Acknowledgment. — A formal admission made before a notary or other qualified officer, that the act described was done voluntarily; the officer's certificate of such admission.

Affidavit. — A written statement made under oath.

Auditor. — A person appointed to examine accounts.

Bankrupt. — One who fails in business and is unable to pay his debts.

Bill of Lading. — A receipt of a transportation company, containing an account of the goods shipped and the conditions of shipment.

Board of Trade. — A voluntary organization of business men for the advancement of commercial interests.

Bond. — A written promise under seal, binding a person to do or not to do a certain thing.

Capital. — The investment in a business.

Certified Check. — A check that has been accepted by the bank on which it is drawn, thereby making the bank security for payment.

Clearing House. — An institution in a city where daily settlements are made between banks by the mutual exchange of checks, drafts, etc., the difference between such exchanges being paid in cash.

Collaterals. — The use of negotiable paper or other forms of value, real estate excepted, as security for a debt.

Copartnership. — The voluntary association or joining of two or more persons in a business enterprise. The same as partnership.

Copyright. — A right of control granted by a government to an author or publisher.

Coupon. — A certificate attached to a bond, showing when different installments of interest are due.

Deed. — A contract under seal, usually transferring the title of real estate.

Dishonor. — A refusal to pay an obligation when due, or to accept a draft when presented for acceptance.

Dividend. — The allotment to each stockholder in the division of profits.

Extension. — An allowance of further time for the payment of a debt.

Footing. — The adding of a column of figures, or the result of such addition.

Forgery. — The writing of another's name, with fraudulent intent, or altering a written document.

Franchise. — A certain right or privilege granted by a government to individuals or corporations.

Good Will. — The value in a business of established reputation or patronage.

Honor. — To accept a draft, or to pay when due.

Index. — An alphabetical table of contents.

Indorse. — To write one's name on the back of a note, check, or draft; to record a partial payment on the back of a note.

Installment. — The payment of a sum of money in stated portions.

Jobber. — A merchant who buys goods from importers and manufacturers, and sells to either wholesale or retail merchants.

Lease. — A contract, usually in writing, for the temporary possession of real estate or other property.

Letter of Credit. — A letter usually issued by a bank, addressed to banks in foreign cities, authorizing the holder to receive credit for a stated amount. Such letters are usually carried by travelers.

Manifest. — An invoice of a ship's cargo.

Mercantile Agency. — An institution which obtains and furnishes information regarding mercantile enterprises, their financial standing, business reputation, etc.

Mortgage. — A conditional transfer of the title to real estate or chattels as security for the payment of a debt.

Net. — Clear of all charges or deductions.

Notary. — A public officer who acknowledges legal documents and protests paper for non-payment.

Open Account. — A running or unsettled account.

Open Policy. — An insurance policy covering undefined risks, admitting of subsequent indorsements or additions.

Outstanding Accounts. — Book accounts remaining unpaid.

Overdrawn. — A term applied to bank accounts when a check has been issued for an amount greater than one's credit balance.

Patent. — An exclusive right to an invention, issued by a government.

Power of Attorney. — A legal authority to act for another.

Protest. — A formal notice issued by a notary to the indorser or indorsers of a note or draft, of the non-payment of a note or draft, or the non-acceptance of a draft.

Rebate. — An allowance for overcharge, for early payment, or for other reasons.

Retail. — To sell in small quantities.

Short-extend. — To enter individual amounts at the left of the money column.

Sinking Fund. — A fund set apart for the redemption of bonds or other specific uses.

Syndicate. — A combination of capitalists who unite their resources to advance some specific business enterprise.

Tariff. — A lawful rate of duty on imports and exports.

Terms. — Conditions of sale or agreement.

Tickler. — A book containing a memoranda of all time paper.

Underwriter. — One who insures.

Valid. — Binding in law.

Void. — Not binding in law.

Way Bill. — A document containing description and shipping directions of goods sent by railroad.

Wholesale. — To sell large quantities, usually in unbroken packages.

ABBREVIATIONS—GENERAL TERMS

A. or **Am.**	America; American.
A 1	First class.
Acct. or **acct.**	Account.
Acct. Cur.	Account Current.
Acct. Sales	Account of Sales.
Adv. or **adv.**	Advertisement.
Agt.	Agent.
A.M.	Before noon; Master of Arts.
Amt.	Amount.
App.	Appendix.
Asst.	Assistant.
Atty.	Attorney.
Av. or **Ave.**	Avenue.
Bal.	Balance.
B. B.	Bill Book.
bbl.	Barrel.
bdl.	Bundle.
Bk.	Bank.
bkts.	Baskets.
B/L	Bill of Lading.
Bldg.	Building.
Bot.	Bought.
B/S	Bill of Sale.
bu.	Bushel.
bx.	Box.
c.	Cent.
Cash.	Cashier.
C. B.	Cash Book.
Chgs.	Charges.
Ck.	Check.
Co.	Company; County.
C.O.D.	Collect on Delivery.
Coll.	Collection; Collector.
Cr.	Credit; Creditor.
cwt.	Hundredweight.
da.	Day, Days.
Dept.	Department.
Dft.	Draft.
Disc.	Discount.
do.	The same.
doz.	Dozen.
Dr.	Debtor; Doctor.
Dray.	Drayage.
E. and **O.E.**	Errors and omissions excepted.
ea.	Each.
e.g.	For example.
Esq.	Esquire.
etc. or **&c.**	And so forth.
Ex.	Express; Example.
Exch.	Exchange.
fig.	Figure, Figures.
F.O.B. or **f.o.b.**	Free on board.
Fol.	Folio.
Frt.	Freight.
ft.	Foot, Feet.
gal.	Gallon.
gr.	Grain.
gro.	Gross.
hhd.	Hogshead.
hund.	Hundred.
I. B.	Invoice Book.
i.e.	That is.
in.	Inch, Inches.
Ins.	Insurance.
inst.	Instant; the present month.
Int.	Interest.
Inv.	Invoice; Inventory.
J.	Journal.
Jr.	Junior.
kg.	Keg.
lb.	Pound.
L. B.	Letter Book.
L/C	Letter of Credit.
Led.	Ledger.
L.F.	Ledger Folio.
Ltd.	Limited.
M.	Thousand.
Mdse.	Merchandise.
Mem.	Memorandum.
Messrs.	Gentlemen; Sirs.
Mfg.	Manufacturing.
min.	Minute.
Mme.	Madam.

mo.	Month.
M.O.D.	Mail Order Department.
Mr.	Mister.
Mrs.	Mistress.
MS.	Manuscript.
MSS.	Manuscripts.
Mtg.	Mortgage.
N.A.	North America.
N.B.	Take notice.
No. or no.	Number.
N.P.	Notary Public.
O.K.	All correct.
Oz. or oz.	Ounce.
p.	Page.
Payt. or payt.	Payment.
pc.	Piece.
pcs.	Pieces.
Pd.	Paid.
per	By.
Per cent or per cent	By the hundred.
pk.	Peck.
pkg.	Package.
P.M.	Postmaster; Afternoon.
P.O.	Post Office.
pp.	Pages.
pr.	Pair.
Pres.	President.
prox.	Proximo; of the next month.
pt.	Pint.
P.S.	Postscript.
qr.	Quire; Quarter.
qt.	Quart.
Recd.	Received.
Reg.	Registered.
Retd.	Returned.
Rev.	Reverend.
R.R.	Railroad.
Ry.	Railway.
S. B.	Sales Book.
Sec.	Secretary.
Shipt.	Shipment.
sq. ft.	Square feet.
Sr.	Senior.
St.	Street; Saint.
Str.	Steamer.
Sunds.	Sundries.
Supt.	Superintendent.
Tr.	Transpose.
Treas.	Treasurer.
ult.	Ultimo; of the last month.
U.S.M.	United States Mail.
via	By way of.
viz.	Namely; to wit.
vol.	Volume.
vs.	Against.
W/B	Way Bill.
wk.	Week.
wt.	Weight.
Yd. or yd.	Yard.
Yr. or yr.	Year.

Arbitrary Signs

a/c	Account.
@	at *or* to.
c/o	Care of.
¢	Cent.
√	Check mark.
$	Dollar.
#	Number.
%	Per cent.
1¼	One and one-fourth.
1½	One and two-fourths.
1¾	One and three-fourths.

INDEX

Abbreviations 262, 263
Abstracts
  Of purchase ledger . . . 186, 213
  Of sales ledger 185, 213
Accounts
  Classes of 1
  Closing, by balance 11
  C.O.D. 132
  Definition of 1
  How to open 17
  Kinds of 2
  Models for closing 49
  Private 175
  Real 26
  Representative 26
Allowances 2
Articles of copartnership 256
Auxiliary books 3
Balance sheet
  Definition of 3
  Exercises for 23, 38
  Explanation of 21
  Model form 8
Bill book
  Definition of 3
  Model form 106, 107
Bills of lading
  Shipper's orders 132, 133
  Shipping receipt 121
Bills payable 2
Bills receivable 2
Bookkeeping 1
Book of original entry 3
Business transaction 1, 13
Capital 2
Cash 2
Cash book
  Definition of 3
  Exercises for 41
  Model forms . . 40–41, 110–111, 160–161, 204–205, 246–247
Charge 3
Check book, model forms . . 42, 43, 117
Checks
  Certified 176
Closing by balance 3
Collection charges 127
Commercial agencies 236
Commercial terms 260, 261
Compound entry 4
Contract of sale and purchase . . . 255
Credit 1
Daily cash proof 47
Debit 1
Deposit ticket 44
Discount
  Definition of 2
  Memorandum 128
  Model for closing 36
Dissolution of partnership . 155, 156, 254
Double entry
  Changed to single entry . . . 252
  Compared with single entry . . 245
  Contrasted with single entry . . 245
  Definition of 1
Drafts
  Analysis of . . 80–84, 88, 92, 93, 95
  Definition of 79
  Exercises on . 84, 85, 86, 90, 91, 96, 97, 100, 101
  Kinds of 79
  Model forms . 80, 82, 88, 91, 94, 99
  Parties to 79
  Purpose of 79
  Rules for journalizing . . . 84, 96
Entry 2
Expense
  Definition of 2
Filing marks 46, 140, 211
Gains 1
Good will 171
Indorsements 43, 83, 89
Insolvency 2
Interest
  Adjustment between partners . 197
  Definition of 2
  Model for closing 36
Inventories
  Definition of 1
  Model for recording 11
Invoice
  Definition of 3
  Model forms . . . 45, 46, 162, 206
Invoice book 108, 109, 123

Journal
Analysis of 16
Definition of 3
Model form 6, 164, 246
Posting of 17
Journalizing
Exercises in 15, 20, 30
Rules for 4, 5
Ledger
Analysis of 18
Definition of 3
Exercises for closing . . . 23, 26
Model forms 7, 9
Purchase 163
Sales 163
Letters
Containing remittances . 119, 120, 178
Dunning 240
General business 232
Of application 167
Of recommendation 196
Ordering goods 48, 118
Soliciting trade 237
Liabilities 1
Losses 1
Merchandise
Definition of 2
To find gain on 21
Net credit 2
Notes
Charging, to depositors 130
How to discount 219
Model form 48
On account 2
Opening entries
For individuals 102, 103
For partnerships 172, 173
Overdrafts 243
Posting 2, 17
Power of attorney 257
Present worth 2
Protest
Certificate of 258
Method of 223
Notice of 259
Value of 223
When necessary 222
Purchase book 42, 43
Receipt
Definition of 2
Model form 44
Red ink 3
Resources 1
Review exercises . 16, 20, 22, 29, 36, 64, 71, 86, 91, 97, 98, 101, 156, 201, 244
Ruling 12
Sales book
Definition of 3
Model forms 39, 158
Single entry
Changing, to double entry . . 252
Compared with double entry . . 245
Contrasted with double entry . 245
Definition of 1
Solvency 2
Statements
Definitions of 3
Model forms . 10, 138, 139, 199, 200
Proof of 138
Suspense account 218
Telegrams
Model form 125
Suggestions for writing . . . 125, 126
Trial balance
Definition of 3
Errors in 29, 242
Model form 8
Value 1
Voucher 2

Ginn & Co.

New School Algebras